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West Europe Report



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30 January 1986

WEST EUROPE REPORT

CONTENTS

POLITICAL

AUSTRIA

- Steyrer Interviewed on Candidacy for President
(Kurt Steyrer Interview; PROFIL, 28 Oct 85) 1
- SPOe, OeVP Agree To Cooperate in Vienna
(Hubertus Czernin; PROFIL, 25 Nov 85) 8

FEDERAL REPUBLIC OF GERMANY

- SPD, Greens View Bonn Coalition in 1987
(Various sources, various dates) 13
- Both Parties See Benefits, by Peter Philipps 13
Greens Move Toward Center 15
- Genscher Weighs Political Considerations in Approach to SDI
(Claus Gennrich; FRANKFURTER ALLGEMEINE ZEITUNG, 9 Nov 85) 19
- Deng Tells Genscher PRC Supports German Reunification
(Bernt Conrad; DIE WELT, 2-3 Nov 85) 22
- Study Shows Youth Increasingly Optimistic, Success-Oriented
(Peter Phillipps; DIE WELT, 13 Nov 85) 24

FINLAND

- Trade Minister Laine Under Fire for Views on USSR Ties
(Helsinki Domestic Service, 7 Jan 86) 26
- CP Paper Terms Eureka NATO Project
(Johannes Pakaslahti; TIEDONANTAJA, 13 Nov 85) 27

Nordic Ministers' Science Policy Conference	
(Jukka-Pekka Lappalainen; HELSINGIN SANOMAT, various dates)	31
Small Countries, Few Resources	31
Independence, Cooperation Equally Important	33
Briefs	
AI in Collaboration With EC	36
GREECE	
Time Seen Working in Favor of Turkish-Cypriot Moves	
(Nikos Simos; I KATHIMERINI, 31 Nov 85)	37
ICELAND	
Officials Meet With Norwegian Defense Delegation	
(MORGUNBLADID, 7 Nov 85)	40
Eyjolfur K Jonsson Named Foreign Affairs Committee Head	
(MORGUNBLADID, 8 Nov 85)	41
Women's List Party Supports Nuclear Arms Ban for Country	
(MORGUNBLADID, 14 Nov 85)	42
Paper Comments on Visit by USSR Foreign Minister	
(Editorial; MORGUNBLADID, 1 Nov 85)	45
Alliance of Socialists Seen Struggling To Survive	
(Staksteinar; MORGUNBLADID, 28 Oct 85)	47
NORWAY	
Willoch Emerges Leader in Poll on Leader's Popularity	
(Einar Kr. Holtet; AFTENPOSTEN, 23 Dec 85)	49
PORTUGAL	
Lack of Communication Between Electorate, Politicians Noted	
(Romeu de Melo; DIARIO DE NOTICIAS, 19 Nov 85)	51
Poll Shows PRD Seen More Leftist Than PS	
(O JORNAL, 22-28 Nov 85)	55
PCP's Veloso Assesses Zenha Candidacy	
(Angelo Veloso Interview; DIARIO DE NOTICIAS, 27 Nov 85).	57
Privileged Relationship With Africa Called 'Idiotic'	
(Antonio Marques Bessa; TEMPO, 29 Nov - 5 Dec 85)	61

SWEDEN

- Liberal Paper Faults Conservative Party Revival Strategy
(Editorial; DAGENS NYHETER, 27 Dec 85) 63

MILITARY

EUROPEAN AFFAIRS

- Doctrinal Differences Impede FRG-French Security Cooperation
(Kurt Becker; DIE ZEIT, 6 Dec 85) 65
- Norwegian Journal Expresses Concern Over Swedish Defense
(Olav Trygge Storvik; AFTENPOSTEN, 18 Dec 85) 69

BELGIUM

- Paratroop Companies To Reinforce Gendarmerie
(Rene Haquin; LE SOIR, 23-24 Nov 85) 71

FEDERAL REPUBLIC OF GERMANY

- Structure of Civil-Military Defense Cooperation Outlined
(Horst Schoettler; ZIVILSCHUTZ-MAGAZIN, Oct 85) 73
- Antitank Role Stressed for Restructured Airborne Infantry
(Peter Kratschmer; KAMPFTRUPPEN/KAMPFUNTERSTUETZUNGSTRUPPEN,
Jul 85) 80

FINLAND

- Nordic Nuclear-Free Zone Discussed
(HELSINGIN SANOMAT, various dates) 85
- Origin, Seriousness of Zone Issue, by Erkki Pennanen 85
- Norwegian Stand in Copenhagen, by Pal T. Jorgensen 92
- Vayrynen on Norwegian Stand 94
- Foreign Ministry Group To Study Zone 95
- Former Diplomat Doubts Country's Defense Capability
(HELSINGIN SANOMAT, 26 Nov 85) 98
- Federation of Officers on Personnel Restructuring
(HELSINGIN SANOMAT, 23 Nov 85) 99

ITALY

- Spadolini Promises No Waste in Defense Budget
(Guido Azzolini; IL GIORNALE, 16 Nov 85) 102
- New Publication Views Scope of Defense Industry
(Marcello di Falco; IL GIORNALE, 12 Nov 85) 104

Briefs		
Piccioni New Navy Chief		106
PORTUGAL		
Dismissed Military Return to Armed Forces (EXPRESSO, 23 Nov 85)		107
Lemos Ferreira on Role of Armed Forces (DIARIO DE NOTICIAS, 26 Nov 85)		109
SWEDEN		
Next Armed Forces Chief To Face Funds Issue (DAGENS NYHETER, various dates)		111
Previous Career Examined, by Olof Bergman		111
Composition Party Leaders Approve		112
'Wide Experiences' Main Strength, Editorial		113
Gustafsson on Career, Goals, by Peter Bratt		114
Conservative Party Chairman of Defense Committee Stirs Debate (Anders Ohman; DAGENS NYHETER, 24 Dec 85)		118
ECONOMIC		
AUSTRIA		
Expert Predicts Economic Downturn in Late 1986 (Helmut Kramer Interview; PROFIL, 25 Nov 85)		121
DENMARK		
Government, Business Seek Increased Exports to East Bloc (BERLINGSKE TIDENDE, 23 Dec 85)		125
Official Comments on Problems, by Carl Otto Brix		125
Large Trade Deficit, by Michael Kuttner		127
Soviets Interested in Technology, by 'Elle'		129
Foreign Ministry Advises, by Henrik Skov		130
Soviets Willing To Buy More, by Preben L. Hoffmann		132
GDR Trade Problems Outlined, by Michael Kuttner		134
OECD Report Reinforces Forecasts of Continuing 'Miracle' (BERLINGSKE TIDENDE, 20 Dec 85)		137
GNP Growth 3.5 Percent, by Kermit Norlund		137
Conforms With Danish Forecasts, by Hugo Garden, Olav Hergel		139
Prime Minister Comments, by Ole Dall		140

ICELAND

Talks on Steel Plant Cooperation With USSR Fail (MORGUNBLADID, various dates)	142
Soviet Trade Official Visits	142
Paper Opposes Plan, Editorial	142
Minister Attacks Paper	144
Paper Sums Up, Editorial	145

NORWAY

Oil Price Decline Proves Vulnerability of Economy (Morten Woldsdal; AFTENPOSTEN, 16 Dec 85)	147
Finance Minister Urges Banks Act To Slow Overheating Economy (Erik Magnusson; DAGENS NYHETER, 27 Dec 85)	150

PORTUGAL

Inflation Slowed in 1984 (Ilidio Barreto; TEMPO, 22-28 Nov 85)	152
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ENERGY

NORWAY

Power Consumption Running Ahead of Forecast (Bjorn Olsen; AFTENPOSTEN, 16 Dec 85)	154
Country's Oil Industry Seen Coping With Strong Price Decline (Morten Woldsdal; AFTENPOSTEN, 20 Dec 85)	155

POLITICAL

AUSTRIA

STEYRER INTERVIEWED ON CANDIDACY FOR PRESIDENT

Vienna PROFIL in German 28 Oct 85 pp 31-33

[Interview with Austrian Socialist Party candidate for the Federal Presidency, Kurt Steyrer, by Hubertus Czernin and Josef Votzi: "I'm Not a Loser"; date and place not specified]

[Question] Your nomination was very suddenly pushed ahead to coincide with the Floridsdorf party council meeting. The Austrian Socialist Party [SPOe] appears to be somewhat nervous with regard to the election campaign.

[Answer] Neither the party nor Kurt Steyrer are nervous. As far as I am concerned, the election campaign has not begun.

[Question] Why was it moved up then?

[Answer] A party conference is not the proper forum; it is a forum for discussions. It is therefore more appropriate to separate the nomination, which is unanimous, from a discussion of the issues.

[Question] But this looks as though there was an effort to beat Kurt Waldheim's official nomination to the draw.

[Answer] I don't agree. The OeVP [Austrian People's Party] got things going by nominating its candidate last February and thus triggered this rather unpleasant and long election campaign. This put us under duress.

[Question] But now you're off?

[Answer] It is regrettable, since in my capacity as a minister I have a lot of things to do and experience indicates that at this stage of the campaign, even a low profile one, nothing much can be done. It will probably be difficult.

[Question] According to the polls, you are still lagging behind Waldheim by 10 to 15 percent. Does that make you nervous?

[Answer] Why should that make me nervous? We still have 7 months to go. Looking at the starting position, it was extremely favorable for Waldheim.

Mine has in the meantime improved significantly. If I should gain another 5 percent and he loses 5 percent, we are even.

[Question] Okay. How could we convince your potential voters in a few sentences that they should vote for Kurt Steyrer rather than for Kurt Waldheim?

[Answer] First of all, I want to state that I will say nothing derogatory against Kurt Waldheim. I am aware of the fact that a number of things are in Waldheim's favor. He was active in Austrian foreign policy for a long time, and another thing in his favor is that the OeVP nominated him as an extra-party candidate, while in 1971 he was a purely OeVP candidate. We are members of the same age group; I believe he was born in 1918, I in 1920...

[Question] And what differences are there between you?

[Answer] Personally, I believe that I have wide experience in internal policy matters. I have come by this not only as a physician, when I worked in a number of organizations. But as a physician I also learned how to deal with people, in contact with all strata of the population. I believe therefore that I am very close to the people.

[Question] In other words, sort of a populist president?

[Answer] I certainly have close ties to the population...

[Question] ...which Waldheim does not have?

[Answer] I will in no way discuss Waldheim's personality, except in its positive aspects. And I certainly acknowledge the fact that he represented Austria abroad in a highly visible manner; I certainly would not deny that.

[Question] All these are reasons for voting for Waldheim. Since we, too, are voters, can you give us any reason why we should vote for you?

[Answer] I don't want to cite reasons and health policy, because not everyone will be in agreement. That is one of the disadvantages of being a candidate while serving as a minister. The OeVP is working hard to emphasize this point. It believes that I should resign soon...

[Question] ...initially, you had planned to do so yourself.

[Answer] I didn't want to; I merely asked a question. In Austria you cannot ask a question, unfortunately, without the others immediately answering it.

[Question] But you gave different answers to it within a period of 5 days. First you definitely wanted to resign early next year; subsequently--after a talk with Chancellor Sinowatz--everything changed.

[Answer] What I said at the time was that the advantages and disadvantages of resigning just about canceled each other out. The stronger image gained

by the minister through his activity is lost through friction. Kirchsclaeger, too, remained in office during the election campaign and from then on had difficulties in winning points in the foreign policy council.

[Question] The environmental protection ministry is, at least at present, an even more sensitive and important department than was the foreign affairs ministry in Kirchsclaeger's times. The environment minister is much more involved in day-to-day politics.

[Answer] True. I'd like to say this though: There was unanimous consent with Kurt Steyrer's environmental and health policies until the moment it became known that I might become a candidate. Until that time, all the votes in parliament were unanimous, with one single exception.

[Question] That is what is so amazing: Environmental politics per se are always full of controversy; yet you, as minister for environmental protection, are a consensus politician. One would not expect that of a fired-up environmental policymaker.

[Answer] I don't deny the fact that a minister for environmental protection has to do a balancing act between economy and ecology. I decided to seek solutions one step at the time. And there is nothing wrong with compromise.

[Question] But can you deal with the dying forests by engaging in consensus politics, or does this require some unpopular measures at odds with the majority?

[Answer] Let me remind you that I was the first environment minister in Europe to implement exhaust emission rules to reduce nitric oxides. Just recently, FRG Environment Minister Friedrich Zimmermann congratulated me on this and said: "You have implemented all the things we wanted to but could not get through the EC." By 1990 we will have reduced lead emissions to zero. I don't want to enumerate for you all the measures we have taken.

[Question] Will Green politics be a big factor in the election campaign?

[Answer] No longer a very big one, I don't believe...

[Question] ...thus there won't be a Red/Green president?

[Answer] That certainly is not my intention. I will certainly deal with the generational conflicts between the young and the old, which is partly a Green problem, too. But, should I be elected president, I would have to be above the parties. Thus, I certainly would not provide an advantage for a coalition of Greens alone.

[Question] What about the Green range of ideas?

[Answer] The Green range of ideas and the environmental protection range of ideas are not necessarily identical.

[Question] As Federal President, would you give a New Year's Day address in favor of Tempo 100 [maximum driving speed of 100 km/hr]?

[Answer] Certainly not. That is an administrative matter. In such everyday policy matters the president must act with circumspection.

[Question] As president, would you involve yourself more strongly in an environmental conflict than did Environmental Protection Minister Steyrer in the Hainburg case?

[Answer] Certainly not.

[Question] In other words, vacillate in the same way?

[Answer] Everybody will, of course, bring up the Hainburg matter and rightly so...

[Question] Critical switch voters accuse you of having submerged during the Hainburg conflict and not having reappeared in public until the whole thing was settled.

[Answer] That is wrong. The problem was solved within the framework of the Federal government, with the participation of the minister for environmental protection. I was not the minister who had jurisdiction in the matter; I did not have the authority to make the decision.

[Question] You yourself were in favor of the power plant in the Stopfenreuther Meadow?

[Answer] Let us say I did not make waves; in other words, I was not against it.

[Question] This has no doubt cost the presidential candidate some votes in the Hainburg Meadow.

[Answer] That is quite possible; I would not argue against it. But I would like to establish one thing: Ask me what happened in environmental protection in Austria prior to Kurt Steyrer's taking office. I feel free to state that the minister for environmental protection was the person who gave birth to the large-scale environmental protection movement. Reflect on all the things I have accomplished since taking office.

[Question] Nevertheless, you have a reputation of making great promises of things to come. The environmental spokesman of the OeVP, Walter Heinzinger, calls you something like "the Green placebo of the Federal Government."

[Answer] I have great respect for Heinzinger; but his status in the Austrian People's Party...

[Question] ...is like yours in the SPÖe...

[Answer] No. I'm in a much better position.

[Question] Back to the election campaign. Both you and Dr Waldheim refer to the incumbent president as a shining example.

[Answer] There is no doubt that he has made that office an extremely popular one. But that does not mean that he is to be slavishly imitated. But I would certainly act in a similar manner and not take a position in day-to-day political questions, only in questions of principle. Kirchschlaeger certainly is an extremely humane politician; that part would certainly serve me as an example. To me, the position of Federal President is basically a fire-fighting function. The Federal President is the one who brings the parties together when there are difficulties.

[Question] In the Hainburg case, you would have brought the fire engine?

[Answer] That is what the incumbent president did, to a certain extent.

[Question] Should you be elected Federal President, you will have to form governments. In case of a relative OeVP majority, would you promote a minority cabinet headed by Mock?

[Answer] I would in any case instruct the head of the party with the most votes to form a government. I am not impressed with the experiment of a new-style minority government, particularly that type of minority government. I would urge the establishment of a government capable of attaining a majority vote. A minority government would not stand a chance. The Kreisky government established in 1970 was not basically a minority government.

[Question] You think it was secretly a small coalition?

[Answer] It was not a minority government in that sense. Also, I believe that the Kreisky experiment was a success specifically because Kreisky was at the head of it.

[Question] You would not promote a minority government headed by Sinowatz?

[Answer] I would consider it just as utopian as an OeVP minority government.

[Question] How about a concentrated government?

[Answer] I have stated publicly that I am not in favor of a concentrated government. The dialog between government and opposition is a parliamentary necessity. But I would accept the desire of a head of government for a concentrated government even if I were personally against it. I do not believe that the Federal President should veto it. I would permit it, but wouldn't think highly of it.

[Question] This puts us back to a continuation of the small coalition. Would you prefer a big coalition, such as labor unions and industrial circles would like to see it?

[Answer] As Federal President, I certainly would have no preference. I would accept any government which could muster a solid parliamentary majority.

[Question] What is fascinating in this election is the fact that for the first time in some 20 years the OeVP candidate appears to have the inside track. What would be the implication if, for the first time in the history of the Second Republic, the SPOe would lose this domain?

[Answer] It certainly would not be pleasant if the candidate of this party were to lose. This is certainly the reason why a candidate was chosen who could fulfill not only the needs of the party, but those of all Austrians. Having chosen a candidate who obviously has in some areas actively represented the interests of Austrian men and women, who as a physician has for 40 years followed a patient-oriented policy--you will have a hard time finding votes against the activities of the physician Kurt Steyrer--I say this without arrogance or prejudice. I had a social security practice, thus never was money oriented...

[Question] Excuse me, we are impressed with your achievements, but next May the people will not vote for the best Austrian general practitioner or dermatologist...

[Answer] ...they are not merely voting for a politician...

[Question] ...but they do, to a certain extent. Your party wants to arrange for three TV debates between you and Waldheim. What is it you will want to argue with him about?

[Answer] That depends. It depends how such a confrontation is arranged. I do not believe in a confrontation which makes both candidates look ridiculous or denigrates them or where one says to the other: You are a lousy foreign policy maker, you are a lousy internal policy maker. Thus, election propaganda for a candidate should only be positive, should only stress what the candidate has to offer.

[Question] Your problem is that Waldheim has worldwide experience...

[Answer] I'd like to say something about that "worldwide experience" slogan: Kurt Steyrer has had a lot of worldwide experience also as a minister and, before that, as a national delegate. After all, a minister in Austria does not exactly sit in a little glass box.

[Question] But it still is quite a difference between him and a UN Secretary General.

[Answer] No doubt about that. But the same rituals apply during the visit of a foreign minister in Austria or the visit of a minister for environmental protection in a foreign country.

[Question] But you cannot hope to catch up to Waldheim's foreign policy experience; he is ahead of you there.

[Answer] I am not denying that foreign policy-wise, he knows more people than I do. But I feel perfectly secure in the mastery of the qualities required of an Austrian Federal President. I just had a visit from the environmental protection minister of the GDR. What do you suppose this entails? The environmental protection minister arrives, is invited to a dinner, just as the Federal President invites a foreign head of state; after the main course, the minister stands up and gives a speech about the things we have in common; then he sits down and the other one does likewise.

[Question] And at the same time Kurt Waldheim visits the UN in New York and hobnobs with major world figures.

[Answer] And I was in Vienna at the UN Ball and talked with all those people in the same way, and I spoke with them in English--believe me, I can speak English pretty well, too. So where is the difference? All that foreign policy experience: How do you suppose the Federal President makes foreign policy?

[Question] He will carry on discussions.

[Answer] And you believe that Kurt Steyrer is not sufficiently intelligent to have ideas about foreign policy?

[Question] Nobody denies your intelligence.

[Answer] I don't want to mention my academic achievements; that has been a long time ago; but I'm sufficiently intelligent to be able to implement certain goals of government policy.

[Question] But compared with Waldheim you still are something of a green-horn in foreign policy.

[Answer] I disagree completely with that. I have spent 3 or 4 weeks in the United States, not only as a national delegate, but as the head of parliamentary delegations. I spent 3½ weeks in China. I was the head of a delegation in Egypt and Israel, and have had a great number of visits abroad in my capacity as a minister. There is no doubt that Waldheim, as UN Secretary General, stood in the focal point of world politics. I am only asking you whether you consider this to be a mandatory prerequisite for fulfilling the functions of the Federal presidency. Do you think that the mayor of Vienna, Franz Jonas, had that much foreign policy experience? My foreign policy experience is certainly sufficient for fulfilling the position of Federal President.

[Question] As of today, do you feel that after 4 May we will see you in your office in the Hofburg [imperial castle] or as a former minister drawing a politician's pension?

[Answer] That will depend on the Austrian voter. But let me tell you this: I'm not a loser.

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POLITICAL

AUSTRIA

SPOE, OeVP AGREE TO COOPERATE IN VIENNA

Vienna PROFIL in German 25 Nov 85 pp 18-19

[Article by Hubertus Czernin: "An Epochal Event"]

[Text] After secret negotiations extending over several weeks, the SPOe [Austrian Socialist Party] and OeVP [Austrian People's Party] decide on a huge working program. Though it does not give Erhard Busek a coalition, it brings coresponsibility to the Federal capital.

Normally Erhard Busek is sure of applause whenever he renders a report to the Vienna People's Party Landtag [provincial diet] deputies, but when the deputy major sat down again in City Hall in the early afternoon last Tuesday [19 November] after delivering an introductory address lasting more than an hour, the OeVP deputies remained quiet as mice. Even a timid attempt by backbenchers to respond to Busek's address with applause petered out before it had properly started.

"We simply were run over," recalls Langtag Deputy Sigrun Schlick. "It dawned on us only slowly that an epochal event is taking place here."

What Busek expounded to the roughly 80 persons present and what later was approved with only three dissenting votes (by Municipal Councilors Johanna Hawlik, Wolfgang Patrik, and Alfred Worm--Ed) is nothing to sneeze at: after 9 green years in opposition, Erhard Busek is assuming some municipal government responsibility again--without, however, entering into an official coalition. "It may be a trial run for a new kind of coalition," Karl Dittrich, president of the Vienna Chamber of Commerce, remarked jubilantly. And OeVP Municipal Councilor Konrad Mandahus of Doebling, who is no less interested in a grand coalition, stated: "I hope a door is opening there, for the constant chip-chop [Hickhack] is not leading anywhere."

After Busek's mandate to conduct coalition talks had expired end of September without any result, he conducted secret negotiations, mostly on weekends. Talks took place without an official party mandate but, according to one participant, with the feeling "that people from two parties are conspiring here against the rest of the world."

The news blackout worked perfectly until the meeting of the Black [OeVP] Vienna deputies, with the Federal OeVP being left in the dark, Vienna's powerful City Government Manager Josef Bandion not being made privy to the talks, and no leaks to the SPOe machine either. Only Finance Minister Franz Vranitzky and Chancellor Fred Sinowatz were told about the talks--in rough outline--by Deputy Mayor Hans Mayr. (As Busek put it in his address to the deputies, Vranitzky is to come up with the needed small change for "this unique opportunity.")

The deal was initiated as early as last summer by Mayr and OeVO Municipal Councilor Joerg Mauthe. High-carat interlocutors engaged in the discussions all around: On the OeVP side--in addition to Busek and Mauthe--Guenther Goller, leader of the Landtag deputies, Ferdinand Maier, province secretary, and Karl Dittrich, president of the Chamber of Commerce. The SPOe, for its part, sent--along with Mayr--Rudolf Edlinger, leader of the Landtag deputies, and party Secretary Guenther Sallaberger to the negotiating table. Leopold Gratz, Vienna SPOe chairman, did not get into the talks until the final rounds. Mayor Helmut Zik had people report to him in detail and occasionally looked in on the talks.

What the 10 men came up with in their palaver and what the Vienna Provincial Government will resolve unanimously this Tuesday [26 November], unless the SPOe base should rebel at the provincial party congress in the Vienna Sofiensaele the previous evening, is contained in a 10-page working agreement.

It is a document which contains huge projects and, to quote Dittrich, "is going to yield enormous things in the next few years." The key sentence in the preamble states that in Vienna and environs 23,000 jobs are in jeopardy. This is to be stopped by what Busek refers to as "leading Vienna to the Danube" and a complete restructuring of the Danube area.

This is also the first item of the planned SPOe-OeVP Provincial Government resolution. The Socialists demanded that construction of the Vienna dam be started in 1987. The OeVP agreed to examine the project and will approve it if the construction of the power plant is used for a historic large-area urban-planning solution. In addition, the People's Party will agree to partial construction on the Donauinsel [Danube Island].

The second item is listed under the working title "Measures Concerning the Eastern Region." The OeVP demanded the creation of a technology park and founder centers [Gruenderzentren]. The SPOe agreed.

The third item has to do with the Ground Procurement and Urban Renewal Fund. The OeVP called for accelerating the pace, and the SPOe pledged its support. In addition the SPOe pledged to prevail on the Federal Government to come up with an amendment of the income tax law and the residential-construction law.

The fourth item provides for the establishment of a central railway station on the area of the former Northern Railway Station--to include a high-speed route to the Western and Southern Railways. All this is a Federal matter but is

implemented in Vienna. As contractors, Ekazent, close to the SPOe, and Konstruktiva, close to the OeVP, are under discussion.

The fifth item of the working agreement provides for the world's fair being pushed by Deputy Mayor Mayr. In 1992 at the earliest.

As the sixth item the OeVP demanded new provisions for promoting residential construction--in the form of tax write-offs for private capital. The SPOe decided not to demur.

The seventh item constitutes an homage to Joerg Mauthe--a cultural offensive in behalf of Vienna.

In the eight item, the OeVP desire is accommodated to restore the reputation of the Vienna medical school by remodeling the hospitals.

In the last minute or so, a ninth item was included in the working agreement: The Vienna districts get their own budgets-- 1 percent of the city budget, or about 700 million schillings.

The timetable for the various measures is to be fixed by 31 December. A special organizational committee is being formed, to be headed by the two deputy mayors, Mayr and Busek, as well as a Cultural Advisory Council. Action by the committee--and that is the body which counts--requires unanimity. Busek cannot do anything without Mayr, and vice versa. That, according to an OeVP deputy, means that "in facto there is a coalition."

Except for environmental policy and--with some exclusions--public health, Reds [SPOe] and Blacks are now pulling together in the national capital. As early as a year ago, a consensus was reached on urban renewal. Now it is the turn of the entire industrial and construction policy. Nevertheless Dittrich, the head of the Chamber of Commerce, asserts innocently that "there continues to be a wide scope for opposition on the part of the Vienna OeVP.

The truth is that it has abandoned its role as an opposition. It should be mentioned, though, that this has been its aim for a couple of years. The proponents of a coalition a la new Vienna are Busek, Mauthe and Dittrich.

Busek justified this when he addressed the deputies by stating that he was unable and willing constantly to say no, but wanted to share in the action at long last. "It is a unique opportunity," he pointed out.

To be in opposition, he said, is all very well and important, but he wants to make a mark in (city) history. An opportunity for this was provided by the vision of a reshaping of the Danube area. A mammoth undertaking worth billions, giganteques in its proportions--in Dittrich's words, "the task of a century for industry and architecture."

Already after the 1983 elections, Busek had been forced to realize that he would never be able to conquer the national capital as a critic in opposition. Any hope that he might be able to turn the majority conditions around in two

or three elections came to nil by 24 April 1983, when in lieu of a landslide victory he brought home only a couple of seats.

From then on he aimed at a coalition, first with Leopold Gratz and then with Zik and Mayr. In the final analysis, an admission of failure on the part of an opposition who eats his heart out but is defeated by a system which, at least on the provincial level, does not provide for an opposition. With the exception of Vorarlberg and Vienna, proportional representation rules in all the provinces. "Such a thing as an opposition," complains a friend of Busek's, "is simply not recognized here."

A pleasant side effect of Busek's failure in opposition is the fact that the road into a coalition (or into a working agreement also opens up national political dimensions. Now Erhard B. is considered the kind of man one can talk to anywhere and anytime.

Even more so than Busek, however, Joerg Mauthe strove for rapprochement toward the SPOe. The seriously ill municipal councilor saw his historic opportunity to proclaim a new Gruenderzeit [Founder's Period--period of economic development in the early 1870's]. Abandoning his attention to local fairs and cheap restaurants, he now dreamed of a new Vienna.

It is a Vienna the planning for which according to an OeVP bigwig, "for the first time since Karl Lueger [Vienna mayor at the turn of the century] the bourgeois camp will be able to have a hand in again."

The envisaged terrain, the Danube area, is ideally suited for that. The trans-Danubian Districts of Florisdorf and Donaustadt--"a dead city," according to Busek. The delapidated Handelskai, the run-down Brigittenau and Leopoldstadt Districts, where, as Mauthe said euphorically in early November, one could create a "fascinating alive urban area," but for heaven's sake "not a new town of concrete and thoroughfares."

A wonderful vision with a lot of snags. Above all, the Vienna dam, where the municipality and the DOKW contractor, which will have sole responsibility for the planned architectural competition, has to expect a great number of technological difficulties--according to experts, catastrophic and enormously expensive effects on the Vienna groundwater and sewage system.

Then there is the partial construction planned for the Danube Island, already affected severely by the dam. It is opposed by Black and Red party functionaries. Already in the seventies, there occurred furious debates as to whether the island was to become a bathers' paradise or a mini-Manhattan, until the swimmers prevailed.

Finally, the Zilk-Busek pact relegates the urban development plan worked out by former SPOe Municipal Councilor Rudolf Wurzer to the wastebasket. As Sigrun Schlick points out sympathetically, Wurzer "thus has worked 8 years in vain."

Nevertheless Erhard Busek has the support of the great majority of his party-- of those who have been pushing toward the manager all along, and of those almost would like to believe that the giant Red-Black program will bring no disaster but a new Vienna to the Danube.

"There will be an enormous amount of things to discuss," Sigrun Schlick, for one, says elated.

There is also some reserve, however. The characteristic slogan of the next "city event" of the Vienna OeVP: "Metropolis."

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POLITICAL

FEDERAL REPUBLIC OF GERMANY

SPD, GREENS VIEW BONN COALITION IN 1987

Both Parties See Benefits

Bonn DIE WELT in German 14 Nov 85 p 3

[Article by Peter Philipps: "The Green Center Becomes Presentable to the SPD"]

[Text] The signals are becoming clearer: A growing majority of the Greens see in the SPD their natural partner for practical politics. The "Unrealists" in the party are on the retreat. Even among the Social Democrats the fear of contact is disappearing.

Party boss Willy Brandt, the discoverer of the "majority this side of the Union" on election night in Hesse in the spring of 1983, once again had the right feel for the sentiments of his comrades. He "threw a stone into the water" (Brandt) and publicly relativized the strict "No" of his chancellor candidate, Johannes Rau, to any kind of Red-Green collaboration after the federal parliamentary elections in 1987 into Rau's personal objective. Even all the subsequent semantic efforts did not help anything there.

In an interview shortly before that, Holger Borner had already assessed Rau's chances to bring about the new era in Bonn on his own power in this way: "He had better dress warmly." For as long as a social-democratic "collection of fringe groups" in Bavaria and Baden-Wurttemberg" considers itself to be a party, "nothing really can be done alone at the federal level. Hesse as the new SPD model for Germany? In any event the equation is easy to check.

The desire to get back to the fleshpots of power in Bonn has grown considerably because of the electoral successes in North Rhine-Westphalia and in the Saarland. The comrades have tasted blood. Gerhard Schroder is expected to provide an SPD majority, in the Federal Council at least, with a success in Lower Saxony in the coming summer. A few weeks before Brandt's interview he had just recanted with difficulty and--in solidarity with his chancellor candidate--had determined as well to try it on his own in the struggle for Castle Leine in Hannover.

But while the boss of the Chemical Workers Union and SPD representatives in the Federal Parliament, Hermann Rappe, as well as other conservative Social

Democrats as a matter of conviction, Johannes Rau for strategic considerations and Hans-Jochen Vogel and Gerhard Schroder as a matter of solidarity, were rejecting any use of the Hessian example, a change has been taking place in their midst for some time now.

The social-democratic rank and file has by and large put aside its anxiety about competition by the Greens after it turned out that, there too, a quite normal party was beginning to develop. The "new softness" of the Greens toward each other was a chimera. The inner-party trench battles sometimes give rise to almost cozy feelings in the SPD comrades. The bogey is gone, the "social-democratization" of the Greens is becoming apparent.

Opposition leader Hans-Jochen Vogel himself has recently indicated several times the standard for measuring the political and, therefore, also the partnership capability of the Greens: basic questions of foreign and security policy.

Afterwards, on the struggle of that, the SPD representative Karsten Voigt almost imploringly sent a signal: The Greens themselves must know most of all that their position in these areas can not be upheld in the long run if "constructive alternatives to the CDU" are to be realized. Every federal administration that wants to conduct a policy of disarmament and easing of tensions "knows that it must belong to NATO and have the adequate defense capability connected with that." The Greens should at last revise their position of rejecting in principle the Western Alliance out of "honesty" towards the voters and out of "political responsibility."

You can hardly open the door more invitingly. The rising younger generation of the party helped a little as well: The leadership of the Young Social Democrats sat down at the same table a few days ago with the head of the Green Party in the Federal Parliament to settle the question of "whether there exists a basis as regards content for a new policy of reform in central social areas and how the conservative politics of crises can be ended." In connection with that, Young Social Democrats boss, Ulf Skirke, called on his party to "establish continuing structures for dialogue."

In the meantime the circumstances in the former non-party of the Greens have changed to such an extent because of the authoritative power of day by day political reality that the fear of being pressed against the broad breast of the old mother SPD to the point of suffocation has decreased. And now they do not want merely to protest and to organize political happenings but really put something into action. The sound defeats in the Rhine and Ruhr areas as well as in the Saar coupled with the priming in Hesse have accelerated this development.

Christa Nickels, the former secretary of the Green Party who was rotated out of Bonn, last week received the necessary majority as the state convention of delegates in Dusseldorf for her motion "to use the opportunities for accomplishing things which afford themselves in the parliaments--including taking part in a government." The Social Democrats must "be shown that an SPD which rejects the Greens without any sense of perspective is an obstacle to

any change in Bonn." Here the paths of the Reds and the Greens converge. With absolute clarity, Otto Schily, the Green representative in the Federal Parliament who up to now has still been spared from being rotated out because of his participation on the Flick Investigation Committee, was the first to have called for a collaboration with the Social Democrats at the federal level as well. The fact alone that he elaborated on the matter in the SPD organ "Forward" got him the necessary attention.

All by himself, Schily, the bird of paradise who has long been identified as a realist among the Greens, put up a banner which has, in the meantime, become a sea of banners all across the country: His Bavarian and North Rine-Westphalian colleagues have decided to abolish the principle of rotation. Often enough the SPD had reproached them because it was not possible to make any agreements with people who were later no longer available to carry them out.

A "Green center" which professes "ecological constructivism" is becoming stronger and stronger in the party and has produced "Prospect 87." Central to this is its effort to open itself to an alliance with the SPD at the federal level. Brigitte Berthold, a member of the executive council of the federal Green Party, warned her fellow combatants in October that it was "time to come out of the phase of self-denial." To be sure, the Greens are "not a majority maker for the SPD," but a coalition in 1987 would not founder on the person of Rau if it were mathematically possible.

Gone are the days when the Greens were satisfied to be an anti-party and cheerful muesli fans. In the meantime they have realized that in such a way they would shrink into a party solely for the generation in its mid-thirties. For the sake of survival, more and more of them want to conduct politics jointly with Social Democrats, even when they know, on the other hand, that exactly this "breaks the spell" for them and can, through "social-democratization," cause them to disappear again from the political map.

The anxiety which had overtaken the Social Democrats during the apparently unstoppable rise of the Greens has now passed to the Greens. With the background of a 120-year party history behind them and a newly-awakened self-confidence, the SPD today is taking on the competition of the Greens more calmly and, at the same time, more challengingly.

(PHOTO CAPTION: On course to each other: SPD man Karsten Voigt, Green Christa Nickels)

Greens Move Toward Center

Hamburg DER SPIEGEL in German 11 Nov 85 pp 22-23

[Unattributed article: "The Nicest Inessential"]

[Text] A movement to the realist wing is taking place among the Greens: More and more state divisions of the party want to transfer the Hessian model to Bonn in 1987.

In the Duesseldorf Comprehensive School on the Kikweg, Michael Happe, the outgoing speaker of the executive council of the North Rhine-Westphalian Greens, asked "the national question."

The Green Alternative List spokesman challenged the 300 delegates at the state party convention to decide, "do we want to be an ecological and social reform party which also employs the means of participation in government, or are we an anti-capitalist opposition to the system that considers any participation in the executive branch of the state to be self-corruption?"

The delegates gave the answer in two votes on the future course of the party: A motion was passed in which the Greens committed themselves "to use intelligently the opportunities for accomplishing things which are afforded in the parliaments, including taking part in a government." A paper by eco-socialists associated with Eckhard Stratmann--federal parliamentary representative rotated out of office-- which warned against "leering at the SPD," was rejected by the convention.

The decision in Dusseldorf, one week after the "Yes" of the Hessian Greens to the first West German government coalition with the SPD, marks a turning point in the North Rhine-Westphalian state party which lost out in the state legislative elections in May with 4.6 percent of the votes. For the first time in the largest West German branch of the Greens (8700 members), political realists succeeded against fundamentalists--as one delegate formulated it, the "party-that-says-no" has become the "party-that-says-yes."

The secretary of the North Rhine-Westphalian Green Alternative List, Martin Pannen, appraises the vote in Dusseldorf as a "signal and prior decision" for the Greens at the federal level--quite validly: At the federal party convention in Offenburg in mid-December, the North Rhine-Westphalian Greens will provide more than 30 percent of the delegates. Together with the reformed state parties of Bremen, Lower Saxony and Baden-Wurttemberg, they will make up the majority. "Late, but not too late," (Pannen) those politicians who blame the "Unrealists" for the election defeats in the spring and for the following summer crisis asserted themselves--against those members who are still backing refusal and opposition to the system.

On the weekend before last, the state party conventions in Bavaria and North Rhine-Westphalia decided thus in favor of abolishing the two-year rotation for mandate-bearers. In the future, North Rhine-Westphalian Green Party representatives will be allowed in exceptional cases to remain in the Federal Parliament for even two legislative periods in succession. And more and more Greens recognize that alternative politics is best represented if it is also carried out--in alliance with Social Democrats.

On June 15th of next year in Lower Saxony, the party, along with the SPD, intends to topple CDU governor Ernst Albrecht. In Bremen, the Greens announced that in 1987 they intend "to break the absolute majority of the SPD" in order to form a coalition with it.

In Bonn, Alternative Party members put forward a motion which aims at a coalition with the SPD after the next federal parliamentary elections. Even the Green Party member in Bonn with the highest profile, the Flick-investigator Otto Schily, is prepared for "hard coalition negotiations with the SPD."

The turning away from refusal and rotation to parliamentary responsibility and continuity of personnel--Pannen: "The Green/SPD block must be recognizable, our policy clear as glass and calculable"--has a double effect: It embarrasses the Social Democrats with whom Alternative Party members compete for potential voters on the Left, and it forces the fundamentalists and eco-socialists, who set the tone during the founding phase of the Green Party, to the fringes of the party.

The Green Alternative List's executive council, which is dominated by the "Unrealists," scoffs North Rhine-Westphalian Green Gabriel Falkenberg, has "become the nicest inessential of the party"--a body with no influence whose resolutions hardly anyone takes seriously any more.

The fundamentalist executive council speaker, Jutta Ditzfurth, who spoke out against the coalition in Hesse, has already been threatened by the designated Hessian environmental minister, Joschka Fischer, with "a discussion on the question" of whether "she really represented the party with its various trends." The third speaker of the executive council, Lukas Beckmann, reproached the eco-socialist Ditzfurth-colleague, Rainer Trampert, for being responsible for the fact that the "further development of the Greens was, by and large, bypassing the federal executive council."

In Duesseldorf, Falkenberg received applause for his call for a "clear, though for many painful, break with the previously practiced irresponsible fundamentalism" a la Trampert and Ditzfurth. Falkenberg:

The problem is not an allegedly unpolitical Left outside the Greens, the problem is self-complacent, narrow-minded leftists among the Greens who are reluctant to learn. Not "the Left" as such, but those who always limit themselves to chanting their revolutionary Sunday oratories with the same tired vocabulary about the completely different logic of development, about the fundamentally different alternative and about the basic opposition to the ruling powers, just like ten years ago in the Socialist Office or in the KB (Communist Office), and who thereby appear to be uncommonly dangerous. A Green Left which has learned nothing from the German autumn and which denounces every real change in conditions as reconciliation with the system. Because it cannot be what it may not be: the step-by step change of this system through reforms.

While the scolded fundamentalists were quietly taking their blows from Dusseldorf for the time being, the "Realists" were carrying their offensive even further.

The new North Rhine-Westphalian state chairman, Hubert Niehoff, insisted at the end of last week that in the federal parliamentary election campaign there

must "not be any doubt about the willingness of the Greens to work together with the SPD."

And the federal parliamentary representative, Heinz Suhr, immediately conveyed to the Social Democrats the suggested price for a Red-Green coalition in Bonn: "about four ministers for environment, women's affairs and foreign affairs" as well as "an office for peace policy."

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POLITICAL

FEDERAL REPUBLIC OF GERMANY

GENSCHER WEIGHS POLITICAL CONSIDERATIONS IN APPROACH TO SDI

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 9 Nov 85 p 1

[Commentary by Claus Gennrich: "Still the Old Tactician"]

[Text] What does Genscher want? This question has kept the Bonn coalition busy for months. It was about the divergent views on SDI. Now another question has come up: Where does he stand? The answer is becoming urgent for him. Bonn must make a decision in a few weeks; the ministries must take a position one of these days. The time to play games is getting tight. Lately, Genscher has been emphasizing everywhere his friendship with Kohl: a bit embarrassing, but evidently necessary.

Genscher's stake in the game is the FDP--besides the foreign ministry. Officials can be pushed into the limelight and, as necessary, be disavowed if, in the end, accommodation to peace within the coalition requires it--the trick is to avoid pinning oneself down despite all innuendos. Under certain conditions, this procedure may also be applied to FDP politicians; however, here Genscher has had some experiences that should be a warning to him. The FDP feels pinned down--to Genscher's skepticism about the SDI. Many have interpreted his reservations, not without reason, as rejection of a national shield over German participation in the SDI.

Representatives of the economic wing, such as Count Lambsdorff, are giving more weight to industry's desire for a national shield. Now, the balancing act should be to explain to the FDP that it wouldn't be obligated to anything more than "skepticism" and certain conditions; a mere exchange of letters between Bonn and Washington--less than a general agreement--would, therefore, be acceptable.

A mantle is already being sewn for Genscher to don; on it, a threefold success story is outlined in glittering letters: No single-handed pushing forward by Bonn in Europe because Britain leads the way with her participation in the SDI, and Italy goes along; an excessive East-West chill has been avoided; and Eureka has improved relations with France. The FDP leaders are painting the label.

Some people, who thought they agreed with Genscher when bragging with warnings against the SDI and with the announcement of another delay in making a

decision--as Deputy Feldmann did in the Bundestag and the mass media--might then be disappointed. So long as Genscher believes that it is useful to permit these people to use the SDI issue for venting their unhappiness over the still-unpopular coalition, they can count on a sort of division of labor with the cautious minister; once the circumstances change, this will change as well.

In the long run, Genscher wants to remain foreign minister--Kohl hasn't promised him that, but this is Genscher's goal. Therefore, he has to be careful in laying out his views. Leading FDP politicians believe there is reason to cautiously indicate to the foreign minister that they support him in this but expect him not to jeopardize the party's determination to stay with the coalition. The SPD is promoting such suspicion; Genscher likes to think of himself as a link between the government and the opposition. He underestimates the danger of accepting repeated praise from within the SPD.

Just as the FDP leaders are convinced that the CDU/CSU will enter into an SDI agreement, they also know that, while the FDP voters value the party's independence, today they want longer-term bonds to the coalition with the CDU/CSU. Genscher is vacillating between these expectations. Something irrational makes him exaggerate: his private war against Kohl's foreign policy advisor Teltschik.

Evidently, Genscher has been unable to recover from the federal chancellor's appointment of somebody as his foreign policy and security advisor and head of an interministerial SDI working group, who is not under the control of the Foreign Ministry. Teltschik's independence irritates Genscher because he considers him a competitor in Kohl's environment. Kohl's confidence in Teltschik, which is based on experience, appears to Genscher like a violation of the chancellor's obligation to show gratitude for the change of government in 1982. Deep down he is unhappy about seeing his own influence diminished. Genscher uses the word "friendship" ever more frequently to describe himself as being indispensable. Politically, this is not wise.

FDP Chairman Bangemann is more successful with his party than in his influence outside. For Bangemann it is unpleasant that Genscher's new "image" in SDI and Eureka matters outshines that of the chairman. But he takes it in stride. He does not consider Genscher a danger; among the FDP leaders, the foreign minister exerts a decisive influence only in his area of competence; there, Lambsdorff is more active. Genscher avoids the appearance of wanting to embarrass Bangemann. But he is the one who determines the details for the SDI.

Since Genscher, with his innuendos, is nibbling away not only at Kohl's, but indirectly also at Bangemann's prestige, the CDU/CSU must back Bangemann and treat him with caution. At times, Genscher is giving the impression that he seeks to put some distance between himself and the CDU/CSU; Bangemann, in most instances, is looking for agreement. Bangemann is frequently imprecise in his statements; yet he has a calming effect within the party and the government coalition. The FDP leaders are concerned about his so-far small influence on the voters. Here, organizer Haussmann wants to lend a helping hand.

Unless he overplays his tactical games, Genscher may be able to pull a few SPD votes over to the FDP--the risk, of course, is that he may also drive others away. A steady force at the helm, free of the passion to gamble, should now step forward--if it exists.

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POLITICAL

FEDERAL REPUBLIC OF GERMANY

DENG TELLS GENSCHER PRC SUPPORTS GERMAN REUNIFICATION

Bonn DIE WELT in German 2-3 Nov 85 p 1

[Article by Bernt Conrad: "Deng Supports Objective of German Unity--
'Reunification Historically Inevitable'--A Balance Sheet of Genscher's
Trip to China"]

[Text] Bonn--The Chinese leadership, which lately had considerably reduced its public support for the reunification of Germany, continues to support the historical necessity of all Germans living together. This is part of the findings made during the visit of Federal Foreign Minister Hans-Dietrich Genscher to Beijing and Guang-zhou.

The principal witness for this is China's "strong man," Deng Xiaoping, who assured his guest: "In the end, Germany will be reunified. Such a historical development is inevitable."

The Chinese premier, Zhao Ziyang, when asked about the same subject during his visit to Bonn 4½ months ago, expressed himself far more cautiously, saying: "We always appreciate the German people's concern for national unity. But this can only be resolved by the German people themselves, provided that it serves the German interests and peace." This proviso testified to consideration for the "GDR," which lately has become more interesting for Beijing not only as far as economic matters are concerned.

Deng, Zhao's mentor, thinks more in terms of historical perspectives. However, this did not prevent his professing also vis-a-vis Genscher his interest in the development of the "GDR" and the other Warsaw Pact countries. The 81-year-old initiator of the Chinese course of reform--here again, similarly as de Gaulle, thinking historically--would welcome it if the closer moving together of West Europe also radiated to East Europe and had a political effect there.

Being enough of a realist not to call into question the membership--not subject to change in the foreseeable future--of both parts of the continent in their respective treaty systems, Deng used definitely populist language when he said: "We hope that the East and West Europeans will not let themselves be engaged in war." Back of this all-European vision obviously is Deng's strategic aim to weaken the imperial power of the Soviet Union over the long term.

For despite all the equidistance to both superpowers, the United States and the Soviet Union, displayed by it, and despite its efforts to reach at least something of an accommodation with Moscow again, Beijing continues to be interested in erecting counterweights to the Soviet Union. It is in the interest of this that it supports whatever strengthens the European Community as an independent political and economic power, including the Eureka project. This perspective--in addition to concrete economic interests and historically-anchored bilateral ties--furnishes an additional argument in favor of close relations with the Federal Republic of Germany as the force which, in the eyes of the Chinese, leads the European Community together with France.

This was made just as clear by Deng and Foreign Minister Wu Zueqian to the Bonn foreign minister as it was by two of the coming men of China--Hu Qili, the likely successor of Communist Party General Secretary Hu Yaobang--who almost behaves like a Western manager--and Li Peng, the technologically and industrially well-versed vice premier and heir apparent to Zhao Ziyang.

Toward these Genscher reacted and acted with a lot of empathy. His basic attitude, constantly restated in one form or another, was received well by the Chinese: "We are friends of China and have every reason to cultivate our relations with it--politically, economically, and culturally. In the process, we are interested not only in furthering our own exports but in showing understanding for Chinese export interests."

Perhaps the Federal foreign minister here and there went too far in glorifying sometimes almost to the point of euphoria the European factor, which in reality is far less developed at present, but the Chinese applauded him. At the concluding banquet in Guang-zhou, this almost turned into something like fraternization.

Yet Genscher also had to take note of the fact that the businesslike Chinese by no means were ready to do without the East Berlin competition, even during his visit. One day before the Bonn vice chancellor met with Deng, party chief Hu Yaobang received SED Politburo member Guenther Kleiber, in charge of machine building in the "GDR" Government. Hu's message in the course of it was: "We have no reason not to develop our relations further."

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POLITICAL

FEDERAL REPUBLIC OF GERMANY

STUDY SHOWS YOUTH INCREASINGLY OPTIMISTIC, SUCCESS-ORIENTED

Bonn DIE WELT in German 13 Nov 85 p 1

[Article by Peter Phillipps: "Youth Again Sees More Meaning to Life"]

[Text] The young people of the Federal Republic assess the future positively, reject violence as a political means and consider career success to be a goal worth striving for. Those are the trends in a survey by EMNID (Research, Opinion and News Information Service) for the Federal Ministry for Education and Science. Its boss, Dorteia Wilms, boasts: "The apathy has been overcome."

Thirteen hundred thirty-two young people between 14 and 21 years of age form the basis of the EMNID-findings. For them, the idea of having children themselves one day is, more strongly than in previous years, a part of their description of a "meaningful life." Friends, hobbies and family are at the top of the scale for the "achievement of personal satisfaction." In fourth place, then, comes the desire "to do something for the common good." The place of importance for "happiness with a career," "career success" and "making a lot of money" has slid much higher up as well. Being able to live for the present" has become a permanent value on the scale.

Yesterday Minister Wilms drew her conclusions from the study done in the months of August/September, 1985: "The results show clear changes in the thinking and behavior of young people in contrast to previous years." Sixty-six percent have a positive assessment of the future.

In similar polls by EMNID it was about 50 percent in 1983 and, in 1981, even as low as 42 percent. Four years ago a majority of 58 percent looked to the future pessimistically. "The development of a sense of resignation," according to the politician, "is therefore receding." Seventy-eight percent are "very satisfied" today or "rather satisfied" with their lives.

The fact that the rising generation is characterized by the will to "overcome problems," as Mrs Wilms stresses, is revealed in the increased prestige of career success. The desire for a career is strongly pronounced. For the majority "achievement and success are a part of life." Three fourths, therefore, find it "correct that in our economic system the one who achieves a lot can also attain a lot."

Increasing the availability of training opportunities, educating about environmental protection and training and further training of the unemployed are the principal tasks of educational policy as envisioned by young people. In fourth place followed better career opportunities for women and in eighth place the demand for broadening the services of the Federal Educational Assistance Act. The invariably highly regarded university preparatory diploma is now considered by 62 percent to be "useful even without university study afterwards."

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POLITICAL

FINLAND

TRADE MINISTER LAINE UNDER FIRE FOR VIEWS ON USSR TIES

LD072023 Helsinki Domestic Service in Finnish 1700 GMT 7 Jan 86

[Text] President Mauno Koivisto says in a statement he issued a moment ago that he supports the work of Minister of Foreign Trade Jermu Laine, and hopes that Laine will continue in the government. President Koivisto thus rejects (allegations circulating) in public, according to which Minister of Foreign Trade Laine has fallen out of favor with the president of the republic, and because of this is considering resigning from the government.

President Koivisto says in his statement that apart from the plans which Minister Laine might have had, I hope he will continue his creditable work in the government in the knowledge that he has had and also still has my support.

[Word indistinct] By rejecting now allegations of Finlandization; President Koivisto ends his statement. According to reports the minister of foreign trade would leave the government during the spring. According to HUFVUDSTADSBLADET this morning, Laine might become the director general of the Board of Customs or the Board of Navigation, or become the governor of Mikkeli Province. According to the newspaper the reason for Laine's resignation would be criticism from certain high Soviet quarters and Laine's bad relations with the president of the republic.

Diet Deputy Esko-Juhani Tennila, member of the minority faction of the Finnish Communist Party, attacked Minister Laine vehemently today in the Diet. Tennila accused Laine of an unenthusiastic attitude toward trade with the Soviet Union and of giving strongly pro-Western statements. Tennila mentioned in his speech the possibility of replacing the minister of foreign trade. We need a minister of foreign trade who carefully prepares his statements and wants sincerely and actively to promote our trade with the Soviet Union, said Tennila.

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POLITICAL

FINLAND

CP PAPER TERMS EUREKA NATO PROJECT

Helsinki TIEDONANTAJA in Finnish 13 Nov 85 p 13

[Article by Johannes Pakaslahti: "Facts Must Be Acknowledged in Eureka Debate"; passages enclosed in slantlines printed in boldface]

[Text] The Finnish debate on Eureka, full membership in the European Free Trade Association, and the European Space Agency is burdened by an irrational misconception. We are forced to reach this conclusion when we compare West European newspaper articles, among others, with their Finnish counterparts.

In Finland it is recited monotonously that what is at stake are purely technological goals or routine technical solutions which have nothing to do with politics. In the NATO and EEC countries of Western Europe, people talk in a straightforward manner about the issues. They see, among other things, that Eureka's objectives are political unification as well as high-tech development, they discuss its military possibilities, and they evaluate technological integration as an explicit tool of political struggle in relation to both the Soviet Union and the United States.

In Western Europe, Finland's current leaning toward the West is placed in a political framework, and people are sizing up--or rather speculating about--mutual relations between Finland and the Soviet Union.

Finnish Debate Slanted

There are two sides to the Finnish debate. In public, people speak as if they were talking to a church congregation. On the basic issues--the ones that possibly rattle their conscience--they keep silent. How else can we account for the fact that the powers who bear direct responsibility for the Eureka preparations have shown very little desire to shed light on the political, strategic, and military dimensions which are discussed elsewhere? What also goes unreported are those appraisals of Finland's current Western proclivity which have been repeatedly offered in the world press.

The heart of the problem in Finland seems to be, first of all, that the steps toward integration with the West--steps prepared by inner rightwing circles and commercial and industrial life--are taken too far, possibly on the basis of an erroneous overall evaluation given by these sources. Afterwards, silence

is maintained about decisions significant from the viewpoint of Finland's national interests, or there is talk only of their technical and civilian aspects. Everything else is disregarded: military and political questions and those issues related to our country's positions on foreign policy and trade.

The behind-the-scenes decisionmakers have also made the situation patently painful for the president. Decisions on integration made in the time of his forerunners were preceded by a broad, open debate in public and in the Parliament. In this way, citizens from diverse circles had the opportunity to evaluate the importance of the solutions offered and to influence their content. Thorough discussions were also conducted with the Soviet Union.

Let us therefore return to the Kekkonen method of evaluating international politics. Kekkonen emphasized that making a correct appraisal of a phenomenon, incident, or process in international politics presumes a thorough mapping of the terrain. With its help are outlined the various goals of distinct groups which, for their part, have a realistic chance of influencing the issue which is the target of appraisal. The presumption was one of unabashed realism and acknowledgment of facts--whether the Finns liked them or not.

/In the case of Eureka, why was the idea for joining this project brought up precisely now? After all, the development of high technology has been discussed for years in Western Europe, and many proposals on this issue have been made./

"Little Star Wars"

Just raising this question leads us to see that the central motivating factor has been specifically the new situation created by the U.S. Star Wars for its West European NATO allies. A more precise analysis shows that because of their own political, military, and economic goals these countries have, of course, different ways of approaching both Star Wars and Eureka:

--Some want to develop Eureka specifically as a civilian tool for the advancement of high technology.

--From the very outset, some considered Eureka a gathering of united forces with whose help a better negotiating stance is obtained when cooperation is discussed within the framework of Star Wars.

--Some, for their part, support Eureka only if it turns into a tool for the political unification of (Western) Europe.

--Some want to use it to strengthen the position of the Council of Europe, some the European Community in general.

--The interest of some arises from the fact that by abandoning their own high technology they can develop a so-called Little Star Wars, which has recently received additional support under the name of European Defense Initiative (EDI). The European Air Defense Initiative (EADI) and the IDEA of similar content are also the object of discussion.

--Some, for their part, stress the development of hypermodern conventional weaponry in Western Europe.

--For Great Britain and particularly for France the implementation of Star Wars may mean a sharp reduction in the significance of their own nuclear weapons. In order to prevent this, various alternatives are being sought. All presume an improvement in high technology.

It was obvious to everyone from the very beginning that Eureka's research subjects and teamwork projects on the basis of French initiative were--in terms of high technology--identical in part with Star Wars. This does not mean that Eureka and Star Wars are one and the same but /it does indicate what the starting points and the broad outlooks for progress are in the light of which the possibilities offered by Eureka--still hovering in the air--are being weighed by those West European groups which, in the final analysis, will both guide Eureka and exploit its results./

At Stake Is NATO Project

When the French said at the very start that Eureka is a civilian project which will have military offshoots, Finland should have taken into account France's well-known military goals, those directed at space and at development of the weapons industry.

When right at the outset there was talk in the Federal Republic of Germany about Eureka as a tool for the political unification of Western Europe, we should have asked whether Finland has a place in the orb of this project to unite the NATO and EEC countries.

But when Chancellor Kohl introduces Eureka as the way to Star Wars, the only official reaction in Finland is a comment by an office chief from the Ministry of Trade and Industry: The leader of the Federal Republic of Germany--one of Eureka's key countries--is talking nonsense!

To continue in the sphere of the Kekkonen approach: we must always take into consideration the special features of Finland's position, our national points of departure and conclusions. Finland has the Agreement of Friendship, Cooperation, and Mutual Assistance with the Soviet Union. Finland is a member of neither NATO nor the European Community. Under these circumstances, the question of Eureka, the European Space Agency, and other integrative arrangements is broached differently from the way it is for those who are members.

While Eureka can be an instrument for the West European NATO countries to increase their independence from the United States, the issue does not assume that shape for Finland. Eureka is a tool for integrating Finland with the West. At the same time, it provides the United States with opportunities to influence Finland's conduct. High technology is a political tool for the United States.

What the crucial points of collaboration in the Eureka project are is a matter which will be resolved in the upcoming internal evolution of power relations. The important NATO countries have a decisive position in it.

It is high time to acknowledge in the ongoing Finnish debate that for a country outside the West European military bloc a political issue is also intertwined with this process: from Finland's viewpoint, it is a matter of dependence and how that dependence is evaluated.

12327

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POLITICAL

FINLAND

NORDIC MINISTERS' SCIENCE POLICY CONFERENCE

Small Countries, Few Resources

Helsinki HELSINGIN SANOMAT in Finnish 29 Nov 85 p 38

[Article by Jukka-Pekka Lappalainen: "Science Policymakers Discuss Norden's Smallness"]

[Text] Copenhagen--"Is Norden too small?" asked Danish Minister of Education Bertel Haarder at the science conference of the Nordic Council of Ministers which began in Copenhagen on Thursday.

The reply of Haarder and other experts is a unanimous yes. At the present stage of science, Norden [the five Nordic countries considered collectively] has in most cases become a region too small for scientific cooperation, even though the need for cooperation varies greatly from country to country and from one branch of science to the next.

"This does not mean that Nordic cooperation in research is unnecessary--quite the contrary," emphasizes Haarder.

Representatives of research management and scientists from all the Nordic lands see an improvement in cooperation. Alone and separately, the Nordic countries are small, but together, as a five-country unit, they can successfully pursue their goals in science and in other areas.

A common course of conduct beneficial to each small Nordic country may result from the Eureka project--the name of which, according to one person who took the floor, no one even knows how to pronounce correctly yet--which is sailing along in a favorable wind of publicity.

According to Juhani Kuusi, director in chief of the Center for Technological Development, the Nordic countries found each other quickly in the Eureka project and were able to influence the policies adopted at the recent meeting of science and industry ministers in Hannover. Kuusi confirmed that the 10 projects agreed upon in Hannover were just the beginning of the Eureka program. More precise positions can be taken after the ministers' meeting next spring.

"Nordic teamwork gives us a better basis for seeking out international cooperation and for being able to influence it," observed Haarder.

Increasing the mobility of researchers is an important goal of the Nordic lands. This has also been the collective aim of the European system of fellowships for researchers.

Professor Martin Holmdahl, rector of Uppsala University, called for an authentically international character in teaching.

"Sweden's contribution to the world's new knowledge is roughly 1 percent, slightly higher in some fields." In the other Nordic countries, the percentage is smaller than in Sweden.

In Holmdahl's opinion, the Nordic countries' strong areas, such as molecular biology at Uppsala, should be given more support. He has a concrete proposal: training and research courses are needed in which half the participants are from Nordic countries and half from other parts of the world.

Improving the quality of research receives the unqualified support of the Nordic council on science policy. Quality requires physical and intellectual mobility, but more and more often it also implies new research techniques and costlier equipment. In certain areas, it does not pay for an individual country to tie up tens or hundreds of millions of marks in the acquisition of equipment.

The Nordic countries have initiated the joint acquisition of equipment: the first apparatus, a telescope, is located on the Spanish island of La Palma.

European cooperation in research is increasing and affects all the Nordic lands. In addition to Eureka, Finland is negotiating for auxiliary membership in the European Space Agency and for cooperation in research with the European Economic Community.

A popular form of Nordic cooperation in science has been the activity of the research worker course, which began in 1972.

A new incentive for cooperation was establishment of the Nordic Research Policy Council (FPR) in January of 1983. It is an organ of the Nordic Council of Ministers which gives advice on general and long-term science policy and also takes the first steps toward expanding cooperation in research.

This year the Nordic countries will use altogether roughly 35 billion Finnish marks for research and development. Approximately 15 billion of that sum is contained in state budgets. Sweden's share of the total expenditures for Nordic research is 55 percent; the share of Norway, Finland, and Denmark is 15 percent each, that of Iceland under 1 percent. Roughly 180 million Finnish marks are spent on Nordic cooperative research, over 1 billion Finnish marks on international research activity.

Independence, Cooperation Equally Important

Helsinki HELSINGIN SANOMAT in Finnish 30 Nov 85 p 24

[Article by Jukka-Pekka Lappalainen: "Norden's Science Requires Independence and Cooperation"]

[Text] The self-sufficiency of Nordic research was strongly emphasized by Professor Reijo Vihko at the science conference of the Nordic Council of Ministers which continued in Copenhagen on Friday.

"The new high tech in genetic technology and other areas costs so much that the Nordic countries simply cannot afford to buy it--not even jointly. The names and buildings of foreign firms are for sale, but we do not have enough money for the brainpower. The Nordic countries' only possibility is to acquire the knowledge through their own research."

A big problem is also the lack of full-time researchers. "At the universities, there are no people whose sole task is to do research and only research. Let the topflight scientists be full-time researchers or let them become such!" said the Oulu University professor who conducts cell-biology and cancer research mostly with international grants.

Magic Word

The magic word Eureka--a joint high-tech project of 18 European countries--came up when the conference arranged by the Nordic council on science policy continued. The conference deals with European cooperation in science.

On Thursday, Swedish Eureka-ambassador Ulf Dinkelspiel discussed President Francois Mitterrand's ulterior motives: why does France want to extend scientific, technological, and industrial cooperation outside the European Economic Community?

Although France's motives can be interpreted in many ways (in the opinion of some, there are no ulterior motives; according to others, it is useless to discuss them), it is generally conceded that Eureka and the publicity it receives are a phenomenal accomplishment in European scientific cooperation. At no stage has a single one of the older and larger genuine joint projects obtained this kind of press coverage.

But the myth and the magic word, the trite phrase which is uttered a sufficient number of times, often change, like fairy tales, into reality. That is precisely the way it seems to be happening with Eureka, too. Though it has come no further than the planning stage, Eureka is already a conspicuous catalyst. According to Dinkelspiel, it provides business firms with incentives, opens new doors, and makes the economic community think more freely than before about other countries. The project's ideas, such as a computer network for European research, can, upon implementation, in many ways bolster growth in our part of the world.

Finland and Eureka

Outside the conference doors, the notion was confirmed that Finland's initial difficulties in being admitted to Eureka were not the fault of the French. Since

the start of the 1970s, Finland has participated in the shaping of research teamwork among European countries, but people change and plans change.

Even after the project with its preformulated intellectual basis sprang forth as Eureka, Finland was not forgotten, as far as we know. But neither was Finland found to have shown any special eagerness for teamwork, and word of its latent activity did not reach the French in time. A personal message from President Mauno Koivisto to Mitterrand was needed--and a big public uproar--the aim of which has made a strange impression on the French.

"Supplementary Part"

Finland's strong position in Nordic scientific teamwork is evident in many ways.

Juhani Kuusi, the director in chief of the Center for Technological Development who delivered a lecture on European cooperation, stated that Eureka should not be considered an isolated project. "It is a part which supplements many kinds of European research teamwork and which seems to offer substantial opportunities, if we know how to take advantage of them.

"Right from the outset, Eureka has represented industrial cooperation, which is in a sense only the tip of the iceberg. There is still a lot to do in basic and applied research, in the subaqueous part of the iceberg. In basic and applied research--but not in commercial exploitation--Europe is at the level of Japan and the United States.

"In Finland's international science programs, Finnish-Soviet scientific-technical cooperation and the Nordic affiliations are still fundamentally important," states Kuusi.

Kuusi, who serves as chairman of the administrative board of Nordforsk (the organization for scientific-technical cooperation among the Nordic countries), points out that Europe is no longer the focal point of the world. "The world has changed from the way it is depicted in secondary-school textbooks. A clear majority--55 percent--of new knowledge is created in the United States and Japan. Europe's share is 30 percent and the Soviet Union's 15 percent. The share of Sweden, Norden's leading country in research, is about 1 percent."

Praise

The first triennial report of the Nordic Research Policy Council (FPR) received praise. Created in 1983, the FPR is an advisory organ of the Nordic Council of Ministers.

Elisabeth Helander, chairman of the FPR and research director of the Finnish Academy, considers a speedup of the Nordic courses for researchers one of the central tasks. With the support of the FPR and on the initiative of research professor Yrjo Neuvo, state-of-the-art training in information technology is at the starting line.

An entire series of educational courses will be introduced in the next few years. The first course on digital processing of signals will be in Norway in December, the next on robotics and computer vision in Oulu.

In Helander's opinion, a successful experiment will create the conditions for permanent winter and summer schools at which domestic and international experts would offer the best new information to all postgraduate students of the Nordic countries. The courses will be accepted as study attainments for the doctoral examination in all Nordic countries.

The FPR is also planning systematic training in the health care sciences, among others. Instructional teamwork in research methods for expert systems, astrophysics, cell biology, text analysis, and environmental poisons is picking up speed.

Cooperation is increasing in research on old age, nutrition, and computer languages. The need and possibility for cooperation have already been made clear in biotechnology and classic linguistics.

Appraisal of research work is one of the key goals of the science policy council. Outside experts have clarified the situation of the Nordic Volcanological Institute, the Community Planning Institute (Nordplan), and the Asian Research Institute (CINA).

The CINA report observed that there is room for improvement in Finnish research in inorganic chemistry.

Right now the FPR is evaluating research in arctic medicine at Oulu. "The goal is to observe the level of research financed by the joint Nordic administrative board and also to direct research funds more flexibly than at present at new targets," says Helander.

Some 30 Nordic institutes and research committees are financed by the 1986 research budget of approximately 130 million Finnish marks, which are at the disposal of the Council of Ministers. The biggest are the Nordita for theoretical physics (8 million) in Copenhagen, the Nordplan for community planning (3.6 million), and the joint organization for scientific information (3.1 million). The smallest are catalyst research and geoscientific excursions to Iceland (each 0.3 million) as well as research on the East and Latin America (each 0.2 million Finnish marks).

12327

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POLITICAL

FINLAND

BRIEFS

AI IN COLLABORATION WITH EC--Finland is joining the European Community's research project on artificial intelligence. On Friday, the president of the republic authorized the Finnish ambassador to Brussels to sign the agreement on cooperation known by the name of EC/COST. The purpose of the project is to investigate so-called artificial intelligence and form recognition as cooperation between countries. By artificial intelligence is meant the ability of more advanced computers to draw their own conclusions. The intention is to transfer the solutions obtained in research work to industrial use. The Finnish participants in the research teamwork are primarily the laboratories of hospital technology and telecommunications technology of the State Technical Research Center and the Tampere University of Technology. Finland's fee for joining the project is 270,000 marks. [Text]
[Helsinki HELSINGIN SANOMAT in Finnish 23 Nov 85 p 11] 12327

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POLITICAL

GREECE

TIME SEEN WORKING IN FAVOR OF TURKISH-CYPRIOI MOVES

Athens | KATHIMERINI in Greek 31 Nov 85 pp 1, 3

/Article by Nikos Simos: "Danger of Consolidating Accomplished Facts Exists in Cyprus"/

/Text/ Serious as well as real dangers to "formalizing" the accomplished facts in Cyprus and to partition the island "de facto" appear visible in the event the errors and hesitations of the near and distant past are repeated. This is the assessment of foreign diplomats from Eastern and Western embassies. It has been formulated on the basis of specific information and also from an analysis of Turkey's steady and patient policy on Cyprus thus far.

This information, when it is evaluated jointly, leads not only to the above assessments but also sets specifications for the further policies of both the Greek and Cypriot governments. The data in question include:

- a) There is a possibility that certain Islamic states--reportedly six of them --will recognize the occupied northern part of Cyprus as a Turkish-Cypriot state.
- b) Washington, which has the greatest possibility of exercising pressure on Ankara, will not intervene decisively at this stage unless the process provided by the Cuellar initiative (acceptance of the "new" document, summit meeting) moves forward substantially.

This American tactic is interpreted as an indication of Washington's displeasure over the fact that it had not been asked to express its views during the formulation of the Cuellar document which was rejected last January. Moreover, Washington believes any intervention at this stage, when there has been no progress and the case is back to square one, will not have the effectiveness of an intervention in case of a breakdown at a more critical point in the negotiations.

The possibility that these assessments may prove correct creates certain responsibilities for the governments of Greece and Cyprus. Thus, both Athens and Nicosia must not reaffirm their inflexibility and let time work in favor of the Turkish ambitions, which in the long run include a threat on Greek

territorial integrity. What does it mean? The government in Athens, for example, should evaluate the realism of its demand for the removal of Turkish troops from Cyprus before it accepts any solution as being just, because justice may require the withdrawal of the invader.

However, in view of the ineffectiveness of the UN resolutions, the passing of time will result in recognition of the northern part of Cyprus by states having the same religion as Turkey and later possibly by other countries. And in that case we will be asking for the withdrawal of Turkish troops from "Turkish soil," as it will be considered by certain countries trading with it.

The government of Nicosia must seriously take into account that the erroneous tactic it followed with the rejection of the Cuellar document created the impression that it was Nicosia which undermined the initiative while the Turkish Cypriots were making...concessions. The extent to which this impression is justified is shown by the fact that Kyprianou now accepts the new document which contains only some changes in the phraseology, while in substance it remains unchanged.

On the other hand, according to diplomatic circles, Nicosia must stop giving the impression abroad that the Greek Cypriots face no problems, that they prosper, and that they move toward an economic miracle. Such an impression weakens not only the theory but the reality itself which portrays the Greek Cypriots as having been expelled from their homes and the invaders as being the major threat on the island with ambitions to take over the rest of it.

The Effect on Greek-Turkish Relations

The coincidence of assessments concerning the dangers which threaten Cyprus assume a special significance because they come from both the East and West. Moreover, the timing of these concerns is underlined by the fact that:

a) In two and a half weeks Cyprus will have a parliamentary election and the conflict of the parties as well as the expected electoral results will likely cause additional tension on the island and create breaches in the internal front during a critical moment for the Cypriot problem. This possibility is closer to reality, to the extent that the electoral results will affect the actions of President Kyprianou, both in his domestic and foreign policies.

b) The new Cuellar initiative is underway.

On the other hand, the seriousness of the dangers involved in the formalization of the accomplished facts on Cyprus with possible recognition of the pseudo-state by Islamic countries is worth noting for another reason: The inter-relationship of the Cypriot problem and of Greek-Turkish relations inevitably affects the Turkish policy on both issues. This is because if Ankara achieves one of its long-range targets in Cyprus, it will move one more step in the

exercise of a more aggressive policy--when the conditions ripen--against Greece as well. Turkey can do this by taking advantage of its larger population. After all /Turkish premier/, Ozal threatened us with this only last week.

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POLITICAL

ICELAND

OFFICIALS MEET WITH NORWEGIAN DEFENSE DELEGATION

Reykjavik MORGUNBLADID in Icelandic 7 Nov 85 p 2

[Text] Oddmund Hammerstad, Norwegian Deputy Minister of Defense, stopped in Iceland on Tuesday and Wednesday, along with a delegation from the Norwegian Ministry of Defense, and held discussions with Icelandic officials on defense matters.

According to Sverrir Haukur Gunnlaugsson, an official of the Office of Defense of the Ministry of Foreign Affairs, the visit was in connection with efforts by the Ministry of Foreign Affairs to achieve bilateral discussions with our neighbors in NATO. Earlier this year there were discussions with Britain and the Netherlands on defense, and plans are to carry out discussions with as many countries as possible. Sverrir Haukur Gunnlaugsson said that there was an exchange of views on the state of affairs in the north Atlantic and certain information on the defense of both countries at the meeting. Alongside these meetings, the foreign guests and the representatives of the Icelandic Ministry of Foreign Affairs carried on discussions with the commanders of the garrison force in Iceland.

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POLITICAL

ICELAND

EYJOLFUR K JONSSON NAMED FOREIGN AFFAIRS COMMITTEE HEAD

Reykjavik MORGUNBLADID in Icelandic 8 Nov 85 p 2

[Text] Independence Party MP Eyjolfur Konrad Jonsson was reelected yesterday as chairman of the Althing Foreign Affairs Committee. Progressive Party MP Haraldur Olafsson was elected deputy chairman and Kjartan Johannsson, Social Democratic Party MP, was elected secretary of the committee.

There have been disagreements in recent weeks among the political parties on the election of a chairman of the Foreign Affairs Committee. At the beginning of the term of office of the present government it was proposed that the Progressives control the seat with Olafur Johannesson as chairman of the Foreign Affairs Committee and Eyjolfur Konrad Jonsson as deputy chairman. When Johannesson fell out of the race Jonsson took over the chairmanship for a while and Thomas Arnason was later elected chairman of the committee. When Arnason was made chief of the Icelandic Central Bank and left the Althing, Jonsson became chairman of the committee again and has held the office since. Jonsson has chaired most meetings of the committee during the term of office of the present government.

Due to this fact, Independence Party members thought it natural that Eyjolfur Konrad Jonsson would be elected chairman of the committee now, but the Progressives still insisted that a Progressive hold the position. In the end there was an agreement between the political parties that there be a free election of a chairman by the committee. The voting was such that Jonsson received four votes and Haraldur one. Two persons abstained from voting.

According to MORGUNBLADID's sources, the three representatives of the Independence party on the committee and Kjartan Johannsson voted for Jonsson, the Progressive Party representative voted for Olafsson and the representatives of the People's Alliance and Women's List abstained.

9857
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POLITICAL

ICELAND

WOMEN'S LIST PARTY SUPPORTS NUCLEAR ARMS BAN FOR COUNTRY

Reykjavik MORGUNBLADID in Icelandic 14 Nov 85 p 18

[Article: "Women's List National Convention Supports Concept of Nuclear-Free Iceland"]

[Text] Some 80 women from all parts of Iceland took part in the Women's List national convention which was held in Reykjavik last weekend. Regular cells of the party are now functioning in six electoral districts. There were reports at the convention on party activities and ten detailed presentations were given on as many subjects. It was resolved to send Gorbachev and Reagan a unanimous statement wherein they are called upon to come to an agreement on peace and the disarmament of the great powers. Resolutions on education, health and welfare, economics, agriculture, wages, housing and finally a resolution against weapons production in Iceland were enacted at the convention.

In their resolution on education, the Women's List would like to emphasize the need for a national education system that would offer all citizens of Iceland equal access to education, according to their interests and qualifications, without regard to residence or economic status. It was added that the academic year for primary school students should be continuous and that each school should have increased autonomy in the form of education offered and the use of funding and that school committees formed by parent representatives and the employees of the school should in part take over the role of education councils. One thing best promoting good schools is that the teaching profession obtains teachers with full teaching qualifications and, as is recognized, this cannot be expected with wages presently paid. The convention called upon the government to establish goals in the area of teachers' wages and accelerate the certification process for teachers.

In health and welfare, the need was indicated, among other things, to place increased emphasis on health education and health maintenance and thereby reduce rapidly increasing operating and capitalization costs in health care. A call was made for a large scale campaign in the area of narcotics use by young people, and the urgent need for sources of emergency housing and treatment for such young people was pointed out. The Women's List laid great emphasis on having a meaningful campaign waged to limit the importation of narcotics into Iceland, e.g. by accelerating trials of offenders.

The Women's List convention decidedly warned of the results of the policy of the present government in economics. Inflation has resulted in very great sacrifices for wage earners. It is now nearly 40 percent. Since the debts of individuals and companies are now steady, there is reason to fear that within a few months debtors will lose their possessions, and income-producing companies will be bankrupt. The Women's List is opposed to government tax proposals which, it seems, will involve wage earners bearing the primary burden and declares its support for proposals for a value-added tax and graduated tax on property.

In terms of shaping future employment policy the Women's List lays emphasis, among other things, on the fact that education, competence and knowledge are the foundations for advancements and new structuring of employment. For this reason the primary emphasis in this area should be placed on education and research, particularly in regard to manufacturing of goods and acquisition of markets. The riches of Iceland are not just its fishing banks, geothermal power sources and its hydroelectrical power, but also its fresh air, pure water and uncrowded land. Icelanders are first and foremost producers of foodstuffs and have certain unutilized potential in this area. This is to say that the heavy industry policy has gone too far and that small industries are and will be basic in this area. Women can get involved in this area with emphasis on environmental protection and a humane point of view. There is a great surplus of energy in the national energy system which could be used to support small industry, for example, through offering producer companies low energy rates without regard to consumption.

The Women's List calls upon women in agriculture to become active in agricultural associations and in land use associations connected with agriculture, setting the goal thereby that Iceland should be properly supplied with foodstuffs. In wage matters, the Women's List notes that, in spite of the years long struggle of women for wage rights equal to those of men, little has been achieved and wages for women's professions are considerably too low. For this reason the Women's List calls upon parties in the labor market to make a special effort to correct the wages of women in coming wage agreements and to offer krona figure increases rather than percentage increases in wages. There should be agreement on day labor wages adequate to support a household and in fact purchasing power should be guaranteed for the period of the agreements. Wage systems encouraging performance at the expense of health should be eliminated, poor work place facilities should be improved, housewife experience should be taken into consideration for seniority increases and leaves of absence should be granted for parents with sick children. The Women's List demands of the government that it provide adequate and secure day care facilities for children and calls upon the Althing to resolve to lengthen paternity leave and to guarantee parents unchanged living conditions while on paternity leave. The Women's List likewise calls upon all Icelandic women to unite in the struggle against that disrespect and disregard of the labor of women that wages and levels of positions bear witness to.

Concerning housing, the resolution states that measures should be undertaken to delay forced sales and convert short term loans into long term loans. Treasury supports against the tax system in the form of interest deductions would help those having the greatest difficulties. The Women's List wants a

changed housing policy whereby people will be guaranteed housing without having to assume upon themselves a terrible burden of wages and debt. There should be a review of the wages of those who wish to own housing, the building of rental housing should be greatly increased. The Women's List thus supports proposals on domicile rights.

The meeting reiterated its support for the concept of declaring a Scandinavian, including Iceland, nuclear-free zone. Iceland should reject all armaments, in Iceland, on the seas and even in space. It was noted that Iceland has never made war against other nations, and thus aversion and sorrow was expressed in terms of those proposals which have come forward recently, that Iceland sell its ingenuity in the form of weapons and become a participant in the mass destruction that results from weapons production. The convention came out strongly against such proposals.

The Women's List noted that those human rights violations and the violence that whites of the South Africa are inflicting upon the black majority are of the same kind as the oppression that women have had to suffer in times past and Icelandic women should show their solidarity with South African blacks, among other things, through refusing to purchase South African goods.

Finally, reference was made to the view of the Women's List that if women's liberation and justice are to be achieved in the world, a revolution of thinking will have to take place. A new respect, resting upon a regard for the life and rights of each individual to shape his or her life as they like, must come into being. The desire for gain, for power and age old prejudice stand in the way of such a revolution in the our world.

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POLITICAL

ICELAND

PAPER COMMENTS ON VISIT BY USSR FOREIGN MINISTER

Reykjavik MORGUNBLADID in Icelandic 1 Nov 85 p 28

[Editorial: "Visit of Soviet Foreign Minister to Iceland"]

[Text] The short visit of Shevardnadze, the new Soviet minister of foreign affairs, has hopefully raised certain concerns. Shevardnadze is one of the principal leaders of the new ruling clique which has recently taken power in the Soviet Union and when the new Soviet minister of foreign affairs is appearing in the public light as the first Soviet minister of foreign affairs to do so in several decades it is not unnatural that a great deal of interest should be centered on him. It may be said with certainty that the mass media in Western countries have gone out of their way in its eulogies of the new Kremlin leadership. Experience has shown that there is very seldom any change in Soviet foreign policy, even though new men come on the scene.

The visit of the new Soviet minister of foreign affairs was, to be sure, to be seen as a courtesy visit with Iceland constituting an intermediate stop on the minister's itinerary from Cuba to Moscow. The Soviet minister of foreign affairs is said to have emphasized the desire of the Soviet Union for a balance in the trade of the Soviet Union with Iceland next year in his discussions with Icelandic Foreign Minister Geir Hallgrimsson and Minister of Fisheries Halldor Asgrimsson, standing in for the Icelandic prime minister. This in itself is gratifying, but the question is now how best to achieve this. Will a trade balance be achieved through increasing Soviet exports to Iceland or through reducing Icelandic exports to the Soviet Union. It may be said in the long run that it is difficult to see how we will have more fish to sell to the Soviet Union than we do now. There may be good reasons why it would be reasonable to reduce fish sales to the Soviet Union and to send the fish to other markets, for example, in the United States, since we might better discharge our debts with our trading partners thereby. It may well be that the Soviets are prepared to purchase more industrial goods from Iceland than they do now. We need to find this out. Another way to reduce the trade deficit between Iceland and the Soviet Union is naturally to reduce purchases from the Soviets, above all purchases in oil.

It is no longer possible to maintain that the large oil purchase from the Soviet Union is necessary to pay for fish sales to it. There is every reason for us not be too dependent upon the Soviet Union in oil purchases and in

terms of present circumstances it is possible to make an effort to balance the trade going on between the two countries through moving Iceland's oil trade to some extent elsewhere. It would be desirable for the new Icelandic Minister of Trade Matthias Bjarnason to consider the issue, but for various mysterious reasons there has always been opposition in the Icelandic Ministry of Trade to directing Icelandic oil purchase elsewhere besides the Soviet Union.

Reference was made in the discussions of the Icelandic ministers and the Soviet Minister of Foreign Affairs to the case of motion picture director Tarkovskiy, who has come to Iceland but who is engaged in a struggle with the Soviet authorities for himself and his wife to regain custody of his child from the Soviet Union. The inhumane governmental system in the East has, however, kept the child from its parents. It emerged that the Soviet Minister of Foreign Affairs knew nothing about the case. Hopefully he will show his Icelandic hosts the courtesy of finding out about it after he returns to Moscow. It would not be unnatural for the Icelandic Government to receive some sort of an answer from Shevardnadze since he offered so few answers in his discussions with the Icelandic ministers.

During the same time that the Soviet Minister of Foreign Affairs was visiting Iceland it emerged that the Soviet Ambassador to Iceland had been endeavoring awkwardly to gain a foothold in the Icelandic economy. The activities of the Soviets in this connection are of such a nature that they call for an investigation of the whole incident by the Icelandic authorities. We remind in this context that in spite of the winning smile of the Soviet minister, who came to Iceland on a visit, no change has taken place in efforts by the Soviet Union to increase its influence in Iceland. For this reason, there is reason now as before to be careful.

To be sure, we Icelanders want to have good relations with the Soviets and normal trade with them. Unfortunately, however, relations have never been normal from the standpoint of the Soviet Union. In fact, there has long been reason for the Icelandic authorities to limit the activities of the Soviets in Iceland, both through reducing the large numbers which have long been part of the Soviet embassy staff in Iceland and likewise through checking the activities of the Novosti News Agency, which is generally recognized to be an intelligence agency and which operates widely in the world. There is no reason to suspect that its function in Iceland is any different than in other countries. Hopefully Icelandic Minister of Foreign Affairs Geir Hallgrimsson will see reason to pay attention to this matter.

The activities of the Icelandic Ambassador to the Soviet Union are in many ways limited and there is no reason why reciprocity should not be the case in this matter as in others. The Soviets should not expect that they would be allowed to enjoy a freedom of action in Iceland that they do not allow us in the Soviet Union. Iceland is not allowed, for example, to operate an intelligence unit in the middle of Moscow, even if we called it a news agency.

9857

CSO: 3626/0008

POLITICAL

ICELAND

ALLIANCE OF SOCIALISTS SEEN STRUGGLING TO SURVIVE

Reykjavik MORGUNBLADID in Icelandic 28 Oct 85 p 9

[Commentary by Staksteinar: "Alliance of Social Democrats in Death Throws"]

[Text] The Alliance of Social Democrats has been in its death throws this summer and autumn. The disputes which have arise among party MPs and the ways in which these disputes have been discussed within the party show that the party has no future. In fact the only thing left is for party MPs to come to a decision concerning how the party is to be wrapped up formally. Otherwise we may expect that the party following will be divided primarily between the Social Democratic Party and the Independence Party. Today Staksteinar will discuss the end of the Alliance of Social Democrats.

Verdict of History

The verdict of history in recent decades is that institutions like the Alliance of Social Democrats are not successful on the long term. Since the foundation of the Icelandic republic various attempts of this sort have been made. Two new parties were founded before the 1952 Althing elections: the Republican Party, which was positioned in the political spectrum to the right of the Independence Party and which elected no MPs during the elections, and the National Defense Party which was founded out of opposition to the defense agreement with the United States and Icelandic membership in NATO and which took a position towards the left, although to the right of the Icelandic Socialist Party. The National Defense Party existed for several years and slowly collapsed.

The Alliance of Liberals and Leftists was found after the 1968 split in the People's Alliance Party and won a large election victory in 1971 but was wasted and lost it. The Liberal party was formed out of it, but never elected an MP to the Althing. The National Defense Party, the Alliance of Liberals and Leftists and the Liberal Party had in common that they represented a range between the Social Democratic Party and the People's Alliance. The experience that has been gained shows that there is no room for a new political party there at present and experience shows that at this point of time in politics there will always be those who feel that they have nothing in common with either the Social Democratic Party, the People's Alliance or the Progressive Party.

It was presumably because of this experience that the Alliance of Social Democrats tried to mark out its territory elsewhere in the political spectrum. To some degree the Alliance of Social Democrats attempted to pander to the

supporters of the Social Democratic Party but also to some extent to Independence Party voters. This was completely absurd politically and the present leadership of the Alliance is proving unable to follow up this policy.

Dispute About What?

Most likely one of the worst things that has happened to the Alliance of Social Democrats in recent months is that it has been impossible for the public to understand what the disputes within the party are all about. In spite of a great deal of attention in the press, which began by and large in THJODVILJINN and was apparently based upon certain leaks of information to the paper by dissatisfied groups within the Alliance, it has proven impossible for people to get to the bottom of what the disputes were all about. Nothing improved when the party Althing delegation split up into opposing groups.

The reasons why it has proven so difficult to orient oneself in terms of the differences of opinion on issues within the Alliance of Social Democrats is simply that the disputes have not involved issues. The disputes have been minor personal disputes which should have no role in public discussion. The Alliance is, however, so weak that nothing more was needed than such minor disputes, disputes of a type that would have been kept entirely behind closed doors in the older parties, to make an end to a political party which has, at the present time, four MPs in the Althing.

Where Will They Go?

The question that remains to be solved is where the MPs and Alliance voters will go in the future. Jon Baldvin Hannibalsson, chairman of the Social Democratic Party, has made a strong bid for them, as might be expected. Although the MPs of the Alliance of Social Democrats have though little of the offer of the chairman of the Social Democratic Party, it would not be unexpected that they should think well about the offer before they accept it, especially in view of the fact that through accepting the Social Democratic Party offer certain possibilities are created for some Alliance MPs to lengthen their political lives. The Social Democratic Party needs candidates and some Alliance MPs have won a certain amount of trust for themselves while in office. It has even emerged that certain members of the Social Democratic Party could conceive of the possibility of Stefan Benediktsson being the party's candidate for mayor of Reykjavik next spring.

Although the Social Democratic Party has placed the greatest emphasis on establishing links with the MPs and voters of the Alliance of Social Democrats, it would not be unreasonable for the Independence Party to make a bid for the unreformed voters of the party. It is clear that many of them have things in common with the Independence Party and in fact it may be said that this is also true for certain members of the leadership of the Alliance of Social Democrats. For this reason it is not unlikely that the Independence Party may seek to place certain emphasis on establishing connections with this group of voters. It is of great importance for the Social Democratic Party whether this attempt of the Independence Party will be successful or not.

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POLITICAL

NORWAY

WILLOCH EMERGES LEADER IN POLL ON LEADER'S POPULARITY

Oslo AFTENPOSTEN in Norwegian 23 Dec 85 p 3

[Article by Einar Kr. Holtet: "Best Also in the Eyes of the Progressive Party"]

[Text] "Prime Minister Kare Willoch has contributed the most to the government the last couple of months." This reply was given by 22 percent of those asked in a poll conducted by Gallup/NOI for AFTENPOSTEN. If we separate out those who answered according to their party membership we get a sensational figure: Fully 51 percent of Progressive Party members believe that Willoch has done the best job, and that is far above the Conservative Party members' 44 percent!

It should be noted that the numerical foundation is much stronger for Conservative members in the poll, because as many as 258 of those polled belong to that party. Only 41 of those polled sympathize with the Progressive Party. The tendency of the polls is most interesting, when the actual situation in the Storting over the past couple of months is considered. The poll was taken in November. And at that time the campaign of the Progressive Party to establish itself in the National Assembly was already underway.

The 22 percent who believed that Willoch had done the best job was calculated from all the 1003 replies in the poll. Those who gave Willoch their "vote" in the poll were three times more than each of the groups which chose either Minister of Finance Rolf Presthus, Church and Education Minister Kjell Magne Bondevik or Transport and Communication Minister Johan J. Jakobsen. Bondevik reached 8 percent, just a hair ahead of the other two in the group behind Willoch. In fifth place was Minister of Consumer Affairs and Administration Astrid Gjertsen with 5 percent, and Minister of Labor and Municipal Affairs Arne Rettedal was sixth with 4 percent.

Own Party Leaders

Besides party membership it is symptomatic that fully 30 percent of Center Party's 40 respondents gave Johan J. Jakobsen their votes--and still more

symptomatic that 41 percent of Christian People's Party supporters gave Kjell Magne Bondevik their votes. Among the respondents in these two camps these trends were so strong that Kare Willoch fell behind when the figures were summarized and the percentages calculated. Among the voters of the Socialist Left there were 13 percent who voted for Minister of Environment Rakel Surlein (Center Party). In second place among Socialist Left voters was Minister of Consumer Affairs and Administration Astrid Gjertsen.

Labor Party supporters gave Kare Willoch and Johan J. Jakobsen the same percentage of votes--namely 9 percent!

Within all parties--with Socialist Left as the most (25), Labor Party (21) and Conservatives (18) there is the general impression that Foreign Minister Sven Stray is the minister who has done the poorest job. Of the total votes there were 18 percent who placed Stray in this least attractive first place among losers. In second place on this list was Prime Minister Kare Willoch with 10 percent, and in third place was Minister of Health and Social Affairs Leif Arne Heloe with 6 percent.

None of the ministers scored 0 on this poll of losers, while both Minister of Industry Petter Thomassen and Minister of Trade and Commerce Asbjorn Haugstvedt had 0 percent on the winners' list.

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POLITICAL

PORTUGAL

LACK OF COMMUNICATION BETWEEN ELECTORATE, POLITICIANS NOTED

Lisbon DIARIO DE NOTICIAS in Portuguese 19 Nov 85 pp 7-8

[Article by Romeu de Melo: "The Lesser Evil"]

[Excerpts] It is almost certain that in choosing among the best-known candidates the electorate will try to discern the one who is the most independent with regard to the political-party establishment and who can serve as an effective opponent to that establishment.

The last legislative elections confirmed the long-standing divergence between the predictions of the political sector and the electoral will expressed at the ballot box. Curiously, whereas before the vote all candidates declared themselves potential victors, after the elections it turned out that all were defeated except one group, the PRD [Democratic Renewal Party], which declared itself to be apart from the traditional political-party apparatus. But even this group was mistaken in that the result obtained was far in excess of even its most optimistic predictions.

Can it be that the political parties have not yet understood how the Portuguese electorate functions? Can it be that they do not understand the mentality of that electorate and the manner in which it evolves when confronted with the realities and vicissitudes of our national life? Finally, can it be that this confirmed lack of understanding and resultant uncertainty will have a negative effect on the democratic system and weaken the stability of its institutions?

If one takes the trouble to compare the predictions published before all the post-25 April elections with the results subsequently obtained, one will encounter not only bitter, unexpected disillusionments but also almost incomprehensible victories. Various party combinations were tried, there were changes in the methods of approach and an attempt was made to find more complex justifications; but there was never a convincing understanding of political reality. Neither the party directorates nor the most accredited analysts succeeded in establishing a close relationship between the electoral will, the phenomenology of political life and the results obtained at the polls.

It goes without saying that, beneath a veiled or ostensible recognition of the maturity of the electoral will, the party leaders are still somewhat perplexed

over the political expression of the Portuguese people. Aside from the practical advantage of exalting the perspicuity of the Portuguese electorate and of publicly acknowledging its peaceful acquiescence of the electorate's will, will the political class not subconsciously retain the firm conviction that our electorate is fickle and subject to unexpected changes?

Being repeatedly mistaken in political predictions is to some extent equivalent to being ignorant of the national will. Moreover, to accuse the electorate or attempt to give it a guilty conscience with regard to disserving the democracy is to commit the most serious injustice. For various reasons it is the party leader who is failing to serve democracy by not having an adequate perception of the electorate and not being capable of predicting the results of his public statements!

Profile of the Average Voter

Various phenomena have served to give an indication of the profile of the Portuguese electorate, how the average voter feels and thinks and how he reacts to events. So-called Eanism has been a riddle which the political sector has been trying in vain to solve for about 8 years. How a young, almost unknown army officer, chosen by consensus by the parties of the Center and Right for circumstantial reasons to run for the Presidency of the Republic, subsequently gained power in his own right, was able to challenge the top officials of those parties and eventually defeat them, is a puzzle still to be solved, as yet without an answer.

Recently, a party leader challenged the political power of Eanes, almost causing the latter to exercise a papal function on the Portuguese political scene, sponsoring political parties and indicating possible successors. It is indeed certain that Eanes is not an intellectual like Teofilo Braga, or a man of letters like Teixeira Gomes, or a demagogue like Antonio J. de Almeida, or a recognized economist, or even a customary figure of the jet set of international politics. He has never controlled or led a party, and so has not been subjected to the trial by fire which this entails. In a personal and non-transferrable manner, he was victorious only as a candidate selected by Sa Carneiro, even overcoming the ill will expressed by Mario Soares.

But will Eanes have the power to manage a party and lead it victoriously? Will the electorate agree to have him "designate" his replacement? In the last analysis, will not the political leaders have underestimated Eanes at certain erroneous moments, only to overestimate him at other moments, also erroneous? To answer all this, it is necessary to know if Eanism really exists and, if so, how and why.

We shall test the theory that the Portuguese electorate, since empowered to express its opinion, has revealed a tendency to follow the rule of the "lesser evil," that is, to vote for someone not through a desire to support a given policy or party but to punish another political trend. Instead of being made for positive motives, the choice was made in negative terms: vote for someone in opposition to another. Following this line of thought, the

Socialist Party [PS] was initially successful by punishing the PCP [Portuguese Communist Party] and the smaller parties of the Left, the HD [Democratic Action] achieved a clearcut victory which was the reverse of the punishment of the PS and its affiliates and, later, the PS returned to power as a mere alternative in the face of an AD which had failed and lacked leadership.

This arrangement regarding the legislative elections and succession of regimes being easily understandable, we still have the apparent master of the presidential elections. How did Eanes acquire such a high degree of prestige, imposing him on the major parties and making it possible for him to establish himself for years as the most important figure on the national political scene? All these are assumptions inasmuch as what we really know is that Sa Carneiro, who beat Soares in the legislative elections, did not subsequently have enough power to impose a Soares-Carneiro ticket on Eanes in the presidential elections. Being the "lesser evil" with regard to Soares and the PS, Sa Carneiro did not, however, disclose a positive electoral acceptance which would have permitted him to indicate his choice for a president of the republic. For the most part, the same thing occurred in the case of Mario Soares.

What happened is that the presidential function, which, in the previous regime, was closely allied to the executive branch of the government, became another government reality after 25 April. The electorate came to look upon the presidential function as a "lesser evil" in relation to the governing function, a sort of opposition which it would be well to keep independent of the governing function, a sort of final argument... In confrontations between Eanes and the regimes, the electorate logically supported the president against the AD candidate and the personal resentments of the PS secretary general.

In Search of Opposition

Will the preceding fact mean that Eanes has (positive) power to establish a majority party and indicate his choice for the Presidency of the Republic? Certainly not. The unexpected results obtained by the PRD would suggest such power were it not that the PRD itself, above and beyond Eanes, emerged with the profile of a "lesser evil" when compared with similar organizations already established. The failure to find a military candidate, whether in the frustrated form of Firmino Miguel or the desistance of Costa Bras, reveals the truth of the matter--namely, that Eanes has demonstrated his power in a negative way and will have difficulty demonstrating it in a positive manner, whether through his personal merits or the timeliness of his action.

Let us return to the so-called Eanism to show how we believe the strongly individualistic Portuguese electorate reacts and how it will function in the so eagerly awaited presidential election. It is almost certain that in choosing among the best-known candidates the electorate will try to discern the one who is the most independent with regard to the political-party establishment and who can serve as an effective opponent to that establishment.

A military candidate remembers only too well the time when high-ranking officers placed themselves unconditionally and unquestioningly at the service of the executive power of the regime which emerged on 28 May. For this reason it is highly improbable that the electorate would become enthusiastic over a uniformed citizen, even discounting any preconceptions against or in favor of the military institution. Aside from his close association with the political-party system and despite his being able to count on the support of many qualified persons, Dr Soares will have to convince the electorate that his principal competitors are worse than he, which will certainly be made difficult by Prof Freitas and Dona Pintasilgo. Prof Freitas do Amaral will have the unpleasant task of causing the electorate to forget some of the hesitations which occurred throughout his career and only with an abundance of good will can he hope to put distance between the present and his previous political-party options. Engineer Maria de Lourdes raises the curious question of appearing in the eyes of the electorate to furnish too much opposition, which could become a factor of mistrust.

Whatever the case, it appears certain that the next presidential election will force the electorate to spend more time in reflection and will enable the political sector to become better acquainted with the rules by which it will have to abide in the near future.

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POLITICAL

PORTUGAL

POLL SHOWS PRD SEEN MORE LEFTIST THAN PS

Lisbon O JORNAL in Portuguese 22-28 Nov 85 p 12

[Text] Almost half the electorate have no opinion about the positioning of the PRD [Democratic Renewal Party] in relation to the PS [Socialist Party]. In fact, according to a survey conducted by Marktest for O JORNAL, 46 percent of the voters do not know if the new party is to the right or the left of the Socialists.

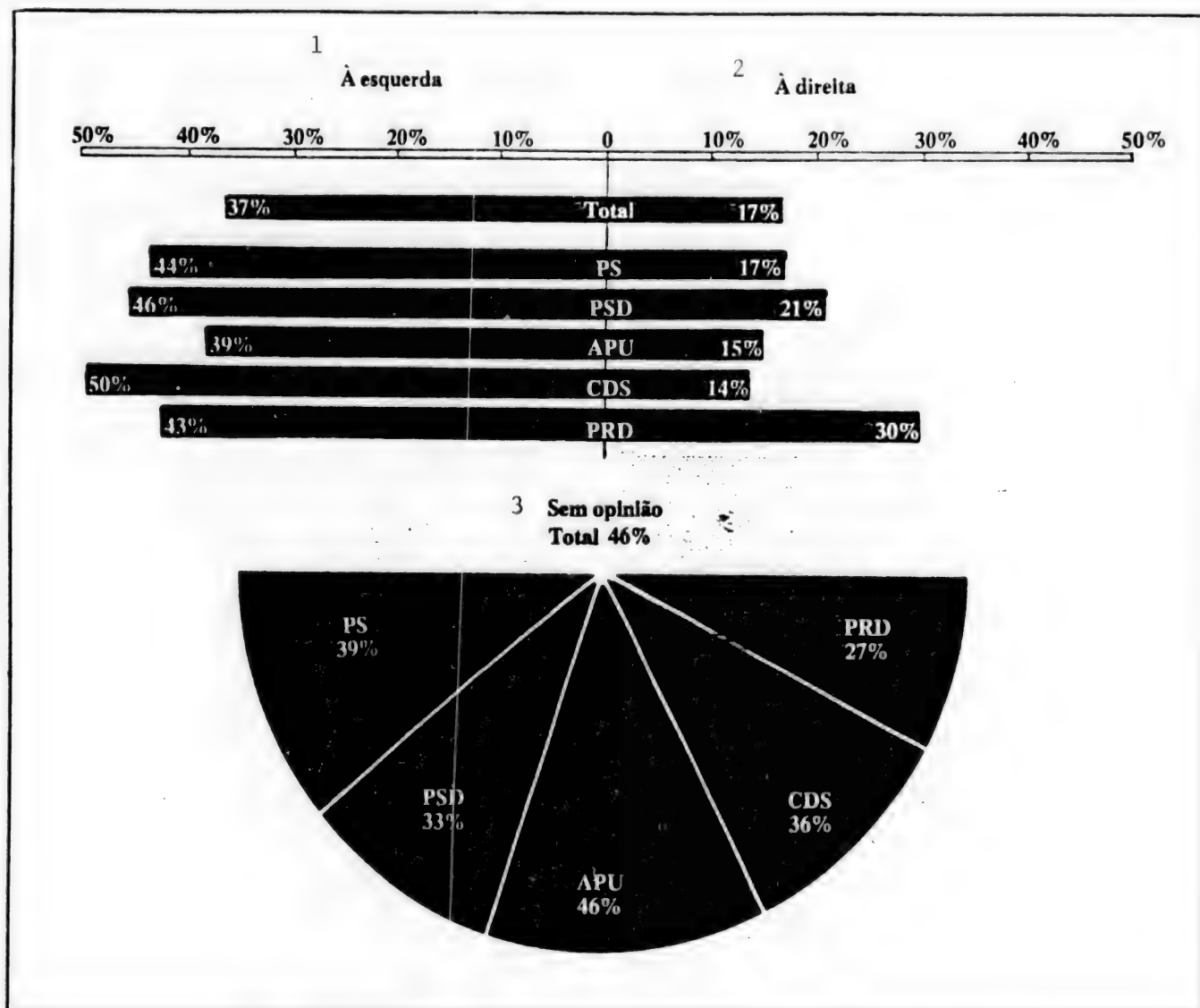
Among those who have an opinion, a clear majority judges the party led by Herminio Martinho to be to the left of the PS. Curiously, however, the voters who are most convinced of this are from the CDS [Social Democratic Center Party]; half of them hold this opinion.

The PRD is also thought to be left [of the PS] by 46 percent of the Social Democratic Party [PSD] electorate, by 44 percent of the Socialist electorate, by 43 percent of its own constituents and by 39 percent of the APU [United People's Alliance] electorate, which is also the group with a less definite opinion on this issue.

In contrast, the largest number of opinions to the contrary are held by the PRD voters. Thus, 30 percent of the Renewal voters think the Eanist party is to the right of the party led by Soares.

This opinion is shared by 21 percent of the Social Democrats, 17 percent of the Socialists, 15 percent of the APU voters and 14 percent of the CDS voters.

The same poll also reveals that in the Porto region and in the north in general, the PRD is thought to be more moderate than is thought in the south and in Lisbon; whereas about 24 percent of the northern voters think the PRD is to the right of the PS, only 14 percent are of this opinion in the south.



Key

- 1 To the left
- 2 To the right
- 3 No opinion

6362
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POLITICAL

PORTUGAL

PCP'S VELOSO ASSESSES ZENHA CANDIDACY

Lisbon DIARIO DE NOTICIAS in Portuguese 27 Nov 85 p II-IV

[Interview with Angelo Veloso by Helena Sanches Osorio; date and place not given]

[Excerpts] DIARIO DE NOTICIAS [DN]: In certain circumstances could your candidacy be one which you will see through to its conclusion?

Angelo Veloso [AV]: In the last analysis, yes.

DN: What is that last analysis for you?

AV: We shall try to unite the democratic forces around a consensus which will make it possible to create a prospect for victory on the part of a candidate of democracy. If this is not possible, we shall have to consider whether or not there is justification for my seeing it through to its conclusion. But we remain free to arrive at a decision.

DN: Who do you consider the Left at present?

AV: I believe that the Left is the APU [United People Alliance], the PCP, the MDP [Portuguese Democratic Movement] and the Greens--this is what we are saying in the Assembly of the Republic [AR]. At present, in order not to represent ourselves in the AR as the Left, the democratic sector is made up of the PCP, the APU parties and the PRD [Democratic Renewal Party].

DN: Is the PRD a leftist party?

AV: It is a democratic party; I do not call it leftist, I call it democratic. And there is a sector of the PS [Socialist Party] which is democratic and leftist and will have parliamentary representation. What is the representation of that leftist PS and that democratic PS? It remains to be seen.

DN: Dr Alvaro Cunhal is said to have had the opinion that, between Soares and Frietas, he would prefer the latter.

AV (laughing): That is not his opinion. In the electoral campaign in Braga, there was an APU candidate, independent moreover, who said that--namely, that

between Dr Mario Soares and Dr Freitas do Amaral, he would prefer Dr Freitas do Amaral. Comrade Alvaro Cunhal answered: "Not really." But both candidates are clearly from the Right.

DN: Do you presently have the feeling that the PCP would view candidate Salgado Zenha in a good light? Would you like to comment?

AV: We believe that the democratic forces must reach a consensus with regard to a candidate.

DN: Has that consensus not yet been reached?

AV: I believe it has not yet been reached.

DN: But both Dr Alvaro Cunhal and Angelo Veloso himself have indicated a broad acceptance and liking for Salgado Zenha as a person.

AV: No, no. We have well-known differences of opinion with regard to Dr Salgado Zenha and do not hide those differences. In various periods of Portuguese political history, Dr Salgado Zenha had marked anticommunist positions and we have not forgotten nor are we forgetting this. We consider him a democrat with a long antifascist past and we are aware that significant support is beginning to come his way. His candidacy is beginning to show promise of unified thinking. We must now ascertain whether or not this unification becomes a reality.

And at the proper time we shall take a definite position on this candidacy, one which has not yet been taken.

DN: You said that you were not hiding nor are you forgetting that Salgado Zenha had anticommunist positions...

AV: And has.

DN: And has?

AV: He must have. I believe that Dr Salgado Zenha is not a communist. He must have profound differences of opinion from those of the Communist Party. But I believe that we cannot limit the democratic field to those whose thinking coincides with that of the Communist Party. The democratic field is much broader.

DN: However, in 1977 when Salgado Zenha was minister of finance, the PCP issued a communique in which, referring to statements of that policy, it said literally that those statements "reveal an intolerance and discourtesy which are not proper for anyone who claims to be a pluralist and defender of the norms of the democratic movement" and, later, it adds "party factionalism which causes the minister and social leader to be strangely disturbed" and warns him that "the Portuguese workers will not fail to keep a close eye on the current finance minister." This is a 1977 position, not really so old, and either Dr Salgado

Zenha has changed or the PCP will have to put a large stone on top of those differences.

AV: No. We took that position at that time, but 8 years have passed since then. Salgado Zenha broke with the rightist members of the directorate of the Socialist Party itself and played an important role in the re-election of Ramalho Eanes. In the past few years we have not been aware of any of Dr Salgado Zenha's positions which are deliberately anticommunist. But in this connection, I would like to say that we must make sure that our basic objective is to find a democrat who will achieve the necessary consensus for victory...

DN: Whose support for Salgado Zenha do you consider significant?

AV: That of Ramalho Eanes. We believe that the president of the republic can provide very significant support. Not the president of the republic as such; rather, the citizen Ramalho Eanes.

DN: It is difficult to dissociate one from the other.

AV: I believe that Ramalho Eanes' support was given to Zenha when he was citizen Ramalho Eanes. It is a fact that Gen Ramalho Eanes is a man intimately associated with Portuguese politics and, therefore, we consider it proper for him to express himself as a citizen.

DN: The PCP being a republican party, do you not find this somewhat monarchical manner of viewing the succession repugnant?

AV: This is an argument which makes it difficult to view the situation objectively, for, at the end of two terms, the president of the republic becomes unquestionably a Portuguese citizen. He is a Portuguese citizen who played a very special role in Portuguese life as a whole, and I therefore ask: Can we limit his right to speak out on the presidential elections? Is this characterized as a problem of succession?!!!!

DN: Very well. Therefore, in speaking of significant support for Salgado Zenha as a whole, we have...

AV: I had not finished. An important part of the members of the PS...

DN: What do you consider an important part?

AV: Arnault, Soares Louro, Aquilino Ribeiro Machado. Do you not think that an important part?

DN: That's three individuals.

AV: Certainly; but they represent a trend within the PS. We shall see whether they are or not. There are also members of the State Council and a few who even have influence in the area of the April military.

DN: Good. But in the meantime, the April military, and this was widely discussed at the time of the availability (the things they say in Portugal!) of Lt Col Costa Bras, displayed what appeared to be a show of support for engineer Maria de Lourdes Pintasilgo.

AV: I would say that prior to that time there was indication of a certain amount of disagreement with regard to the availability of Lt Col Costa Bras.

DN: However, when Lt Col Costa Bras appeared on the scene, the PCP hastened, even before anything was finalized, to consider him a democrat.

AV: We believe that Lt Col Costa Bras is a democrat.

DN: You were very eager to have a military candidate. Admit it.

AV: No. We don't see the matter that way. We do not start out trying to find an individual, a personality suitable for a consensus; rather, we seek a consensus with regard to a particular individual.

DN: Is Eanes' support sufficient?

AV: No. It is precisely for this reason that we have not yet taken a position.

DN: What are you waiting for?

AV: To see how the convergence of the democratic forces develops.

DN: I would like to ask you how it is possible that the PCP will try to convince its rank and file that Salgado Zenha is a good candidate when he himself declared in 1976 "that the PCP has followed a policy which is totally erratic and antidemocratic." Was the basic reason for that erratic policy the political ineptitude of Dr Alvaro Cunhal and the PCP team who were incapable of understanding what the Portuguese people want? Will this not cause a certain amount of uneasiness among the PCP rank and file?

AV: During the course of Portuguese political life we cannot at every moment revive the differences of opinion which occurred in the democratic field. We have always maintained that we have no right to bind individuals to the positions they have taken from time to time. This is the first aspect. The other is that we are convinced that the communists have a high degree of understanding and will play a vital role in the next election for the president of the republic. And they will thoroughly understand that the principal objective is to defeat the candidates of the Right and elect a democrat for the Presidency of the Republic. As on other occasions, the Portuguese communists will make this their first consideration: How can we win? How shall we prevent a rightist candidate from occupying the office of president of the republic? How shall we prevent the Right from recuperating from the defeat it suffered in 1985, regroup its forces, impede the development of the process which leads to the democratic alternative and relaunch the April offensive against Portugal? I believe that, under these very special conditions, the communists will be capable of placing the basic objective of the defense of democracy above personal opinions or preferences.

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CSO: 3542/37

POLITICAL

PORTUGAL

PRIVILEGED RELATIONSHIP WITH AFRICA CALLED 'IDIOTIC'

Lisbon TEMPO in Portuguese 29 Nov - 5 Dec 85 p 5

[Commentary by Antonio Marques Bessa]

[Text] Now more than ever, the accent is on contacts with the old territories of the Portuguese state. Sometimes it is a news item about the visit by Nino Vieira, sometimes by Pinto da Costa, and we are told about still other comings and goings between Luanda and Lisbon, Lisbon and Lourenco Marques [as published], Lisbon and Cape Verde. Those responsible for policy in the new states have declared their interest in this interchange and such statements have often been echoed in Lisbon. The president of the republic has traveled extensively in those areas, as has the acting foreign affairs minister and even individuals connected with the former MFA [Armed Forces Movement] and businessmen. There have even been allegations about the existence of Portuguese military [aid] in Mozambique and Angola, which, if true, would certainly be ridiculous.

Be that as it may, the political connections have been intensifying and the Africans are coming to our capital in search of support and an understanding which they do not find. They have been disillusioned with the previous governments and they have already said so publicly. Their aims are not reciprocated. Their advances are not well received; their needs continue to wait for better times.

Aside from the fact that the governments are not sensitive to Africa and their officials do not even know what Africa--more precisely, the former Portuguese Africa--is about, the Portuguese governments are decidedly bound to European myths, within a framework that centers on Brussels, and they are little moved by anything happening on the African savannah or in the Guinean gulf. Not even the islands arouse much response from them. Their overriding interest is in Europe and their illusions of abundance at a cheap price. Let the Africans complain or petition; this is a peripheral issue and is not in vogue in this small, needy country.

Thus, Lisbon's African policy has been more stupid than anything we have seen in recent years, when so much more could have been done with so much less.

Foolish Presumption

The governments have reiterated this nonsense that Lisbon is the privileged contact with Africa. In addition to being an absurdity which airily dismisses the importance of the world centers with troops and interests in Africa and in former Portuguese Africa (Washington, Moscow, Paris, Madrid, Tel Aviv, Pretoria, etc), it is a cheap absurdity. In other words, the declaration has nothing to do with Africa. It has to do with an obsession to increase the prestige of this country with the European magnates, to convince them that, after all, we count for something--if only to intervene and make contacts in Africa, because the Africans are presumed to have an exceptional and perhaps instinctive empathy with the Portuguese.

These banalities do not carry much weight; first, because Portugal does not have the bargaining power available to negotiate with the Africans, as pre-supposed in this theory that we serve as the "key to Africa in Europe." Second, the truth is that much more powerful forces are already installed in our former territories in Africa and they do not need to go through Lisbon; there are the American and French oil companies, the Cuban and South African troops, the Brazilian, Spanish, Soviet and American interests, the instructors from Korea and the Soviet Union, Czechoslovakia and the GDR. Nor do we have a strong position in foreign trade or in anything else. So where does this "key position" originate? It must be from the cerebral theoreticians, the disciples of Quevedo, the Quevedists without knowing him, who have read and have believed the cock-and-bull stories of the occult sciences such as parapsychology, astrology and even more symbolistic disciplines.

We are certainly not the ones with the power in Africa.

A Modest and Realistic Policy

A small country like Portugal cannot have global policies and go around making pronouncements on everything that happens in the world, from the repression in Hungary to the terrorism of the sects in India. It has better things to do; i.e., to safeguard its independence and to deal with the issues that are important to it. This means getting off the foreign policy high horse of colonial times and thinking about international relations in terms of the limited power which we have nowadays. You cannot jettison territory and then continue to act as if nothing had happened. It happened! We have become a small, poor, limited country, and this country is not able to go out and play with the big boys; it does not have the capacity to play the great power in Africa, with endless subsidies, financial aid (when we are going begging for it ourselves) and thundering political propositions.

It is time to reexamine the issue and draft a minimally effective policy. Perhaps there is still time.

POLITICAL

SWEDEN

LIBERAL PAPER FAULTS CONSERVATIVE PARTY REVIVAL STRATEGY

Stockholm DAGENS NYHETER in Swedish 27 Dec 85 p 2

[Editorial: "Conservative Responsibility Without Enthusiasm"]

[Text] Disappointment is rife in the Conservative Party. The party was shaken by its shocking defeat. Still the party has avoided a more intensive postelection debate. Only Ulf Adelsohn was affected. He was easily able to turn aside the criticism that he now and then saw his children. But his desire to continue does not seem to be very high.

Leading circles in the party have settled upon an explanation for the election defeat. It was the Social Democrats' one-sided and successful campaign against a "change in the system" which put the Conservatives on the defensive. The election campaign began to be about welfare instead of freedom. And such an election campaign favors the Social Democrats, according to Carl Bildt in the conservative SVENSK TIDSKRIFT number 9-10/1985. If the question of freedom had come to the fore, the nonsocialists would have had the advantage.

For Bildt, as for the directors of the Conservative Party, the conclusion is that the political style must be changed. But there is no talk of changing the main direction of the party.

And the main direction for a number of years has been to create an alternative to social democracy. The Conservatives imagine that they have seen, as Carl Bildt expresses it in SVENSK TIDSKRIFT, "the initiative in political ideas gradually moving over from the Social Democrats to the liberal-conservative complex of ideas which is focused around the vitalized Conservative Party." He admits, however, that this initiative of ideas primarily influences the nonsocialist sympathizers.

One of the problems for the Conservatives is that this capsizing of the debate has almost exclusively taken place among the nonsocialists. The outcome of the election showed that the Social Democrats came through this struggle with the conservative alternative relatively unscathed. The reconsideration which has taken place within social democracy has certainly been influenced by conservative and other criticism of big government, public expenditures and bureaucracy. But so far that has led to very modest changes, and those within the framework of the established system.

The Conservatives appear, however, to still hope, at least at the top party levels, to offer the voters more of the same although in a neater package. Even earlier, SVENSKA DAGBLADET's political editor Mats Svegfors (SVENSKA DAGBLADET 15/12) wrote on this subject. The Conservatives' "revolutionary" ideas question "much of the basic views which have marked postwar developments." Their strength "cannot be determined merely by a couple of elections." Here they demonstrate a long range, patience-trying strategy.

The strategy has several troublesome weaknesses. In the first place in two elections in a row it has not succeeded in capturing a sufficient number of voters to create the basis for a government. Furthermore, at least for the outside observer, it caused a real blow to the election. Social Democrat voters did not come streaming in; if they were dissatisfied they stayed home.

Another and new weakness is that it now must fight with a reawakened Liberal Party for the nonsocialist market. The Liberal Party's success has been explained by the Conservatives by saying that the party criticized the Conservatives without being contradicted, and that helped the Social Democrats attack. Both of them are, however, a result of the Conservatives' self-proclaimed claim to leadership of nonsocialism. Sometimes they go a little farther than Carl Bildt--the Liberal Party offered a "more sympathetic alternative"--but without drawing any conclusions for their own party.

If the Liberal Party succeeds in combining economic and social responsibility the Conservatives' strategy will become even more unrealistic.

To speak mainly about "social responsibility without socialism" as the Liberal Party did during the election campaign is, however, according to Carl Bildt and SVENSK TIDSKRIFT's own editorial, to accept a social democratic moral victory. If one expresses himself in that way he is admitting that social responsibility within nonsocialism is not important. That is unjust, they appear to believe.

But that is of course just what not only the Liberal Party believes, but also what socially involved Conservatives claim. West Coast Conservatives such as for example Stockholm Conservative Alf Wennerfors has noted in the postelection debate that social responsibility was lacking in the election message. It was just freedom.

In the third place the strategy does not suit party leader Ulf Adelsohn. That is perhaps the intention. He has clearly taken the defeat hard. The unarticulated dissatisfaction in the party is turning, not entirely justly, against him alone. He is the one who can best handle the demand for a more social profile. So far the response has been weak and without enthusiasm.

The Conservatives are still groping for a foothold. They must soon choose between continued system change or return to a more social conservatism.

9287
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MILITARY

EUROPEAN AFFAIRS

DOCTRINAL DIFFERENCES IMPEDE FRG-FRENCH SECURITY COOPERATION

Hamburg DIE ZEIT in German 6 Dec 85 p 10.

[Article by Kurt Becker: "Joint Fate, Separate Strategy; France Bets on Nuclear Weapons, the FRG on Conventional Strength"]

[Text] Nowhere have Helmut Kohl and Francois Mitterrand ventured forward in their commitment to a joint German-French future than in the field of security policy. Yet it is certain that agreement is most difficult here.

Development of a truly political-strategic common destiny is the stated goal even though it is not always shouted from the rooftops. Three years ago, Kohl and Mitterrand provided the first signals and both statesmen repeat them all the time. But this ambitious project has been totally effective actually only in France. There politicians and experts to this day are conducting a vehement national debate on the future security of the country whose end is not yet in sight.

At any rate, the comparison between France's discussion and the debate in the FRG, which is hardly noticeable, in this question does not give rise to the supposition that a problem is involved here that concerns both states equally and moreover involves an extraordinary European dimension.

In the debate carried on in France it contributed to its importance from the start that the timing of the signal for close German-French collaboration coincided with the dispute concerning security planning conducted in Paris for some time. The financial capacity has reached its limits. It proved necessary to set new conceptual priorities for national security: what expenses for which armament what armament for which strategy. As expected, Paris decided in favor of the further enormous development of its independent nuclear weapons potential. This is made clear most impressively by the decision to increase the predominantly sea-based nuclear strategic warheads fivefold--to about 500--by the mid-90's.

Veiled Starvation Diet

That was only possible--in an utterly inexcusable way, many French experts believe--at the expense of the conventional defensability. An army reform and particularly the buildup of an intervention reserve of 47,000 men (the Force d'action rapide) have veiled the conventional starvation diet and have tried to compensate for that after a fashion by organizational tricks. But of course

with all that there arise a bunch of fundamental questions of national security in which the German neighbor becomes increasingly important.

Mitterrand, firmly in line with Charles de Gaulle, however does not invest his security policy commitment exclusively in the German-French project. The uninterrupted historical awareness of the French permits him to back the demand for greater European independence in relation to the U.S. leading power with a much more emphatically expressed political philosophy than this is done, e.g., in the Federal Republic. Starting from a German-French dialogue, Mitterrand tries to gain the support of Western Europe as a whole for a unified or at least closely coordinated security policy. That ranges from the foreign policy in the East-West relationship via common intellectual approaches on disarmament to the attempt to Europeanize arms production. Here, too, the Federal Chancellor stood by his side.

At any rate, France with German backing tried to instill new life into the institution of the WEU (West European Union) that had been in mothballs since the 50's--probably not least also with the intention to strengthen its own leadership role. The WEU includes France, Germany, Great Britain, Italy and the three Benelux states. Since the WEU is a purely political institution without any military substructure, theoretically it would be most suited to present the architecture for the idea developed in the 60's to create a European pillar in the Atlantic Alliance. But thus far the practice has not followed the theory. The most striking example of the sterility of the WEU is the complete inability of its seven foreign ministers--most recently in early November--to prepare a common position on the U.S. missile defense from space (SDI).

In view of this general lethargy in Europe, the attempt to fill the partnership relationship between Bonn and Paris with security-policy and defense-policy substance receives even additional importance. Almost 4 years ago this venture was institutionalized by Valerie Giscard d'Estaing and Helmut Schmidt based on the Elysee Treaty. But it did not get going until the fall of 1982 under Kohl and Mitterrand.

One of the many difficulties consist in the fact that both governments approach the work with different and in part also incompatible ideas on priorities. Paris bets on its nuclear deterrence. Bonn, on the other hand, in accord with the Western alliance, wants to raise the nuclear threshold. France on the one hand would like to maintain its national pride as an independent nuclear power and maintain its complete autonomy in foreign and defense policy. On the other hand, the scenarios in case of a conflict compel the realization that the constantly increasing importance of the Federal Republic must lead to joint agreements with the neighbor across the Rhine. However, their durability would only be insured if in the future Bonn could include the availability of the French military power for European defense as a firm quantity in its security considerations. To achieve that is a task for the remainder of this century.

The new importance of the German neighbor to be considered was last summer the decisive impetus for the French parties to find answers to the question as to the extent to which the Federal Republic is to be included in the defense of the vital interests of France. That has not been achieved thus far. The

answers constituted semantic contortions; they merely made clear how intensively the French are seeking statements which are acceptable in France and arouse great expectations in Germany.

Identical Interests

Much clearer was the former defense minister Charles Hernu who had to resign on account of the Greenpeace affair. In June he stated to Manfred Woerner: "France and Germany have the same security interests. You can count on us when our common freedom is involved." Since then Bonn starts from the idea of a common German-French defense area. Of course this is of real importance only within the framework of the dialogue with Paris for principal questions of the commitment of conventional forces.

In fact the arrangements between the command staffs of both states, too, have already progressed far on questions of operative links as well as for logistic facilities. To demonstrate this fact, the thus far biggest joint maneuvers are to take place within the next two years. But that does not change anything in the fact that the timing of a French action as ever is left up to the state president. The French continue to resist any automatism. Similarly they refuse to participate in the forward defense. Therefore there will probably never be a French forward troop presence. In truth the traditional German demand for this very commitment, too, has long been part of the official phraseology.

The big and in part insurmountable problems of German-French rapprochement start where questions of nuclear strategy are involved. Here it becomes especially clear that the nuclear power France sees its security not only under the aspect of deterrence. Much more than this happens with us, the French are concerned with the terrifying idea that deterrence could fail and moreover the defense east of the Rhine could collapse.

The most important questions and prerequisites for the further course of the dialogue are:

1. France remains outside the military organization of NATO and rejects any precise commitment of its own in case of conflict.
2. The French nuclear weapons serve the protection of its own sanctuary as final means--a concept which clearly differs from that of a common defense area. Paris will not provide a nuclear guarantee for others, not at all as a substitute for U.S. nuclear protection.
3. France shares Bonn's basic condition that no defense doctrine must be prepared that tries to operate in disregard of the defense structure of the Western alliance. Neither Bonn nor Paris wants to loosen the ties to the United States.

From these premises and the course of the dialogue thus far it emerges that France's strategic nuclear force can in fact strengthen the European will for self-assertion towards the Russians. But this gain is faced with the risk of a nuclear strategy directed at the destruction of cities and infrastructures

of the Soviet Union for which there is no alternative for the time being on account of the aiming inaccuracy of the French attack missiles. If this deterrence failed, an attack on Russian cities would challenge the Soviets to massive retaliation. There can be speculation whether France would merely respond to nuclear attacks or under which circumstances it would carry out a nuclear first strike.

From this fact alone it emerges that Paris will not grant German participation or consultation in the decision concerning the operational modalities of France's strategic potential. The attempt to negotiate on that would be unrealistic. Moreover, the question is whether that would be in the interest of Germany. The expectation that is frequently heard in Bonn and that sounds quite different, as was expressed for example, by Alfred Dregger--that since we are participating with the Bundeswehr in the defense of France, the latter in turn would have to grant us nuclear protection,--in this undifferentiated form is completely unrealistic.

However, France's tactical nuclear weapons cannot be excluded from the dialogue. For these weapons, ground-based missiles and combat aircraft, which lately have been significantly labeled as "pre-strategic," pose central questions of our security. If the traditional French argumentation is followed, their commitment would signal escalation to the strategic level unless the warning leads to the cessation of the aggression. On the other hand, France does not possess adequate means to conduct a separate tactical nuclear war in Europe. Without close coordination with the armed forces of the alliance, any nuclear option of France would be an absurd idea. Therefore in the dialogue between Bonn and Paris, a clarification on the tactical-operative and strategic goals of France in case of a commitment of its prestrategic nuclear weapons is necessary. And just as the United States and Great Britain, France would have to promise consultation in case Germany is considered as launching pad or target area.

All this shows how narrow the limits of a security community are drawn. The dynamics of the German-French debate may lead to some surprises. But it would be completely premature to assume that the basic features of military cooperation and political-strategic understanding could be set forth in a security treaty. Even if the fact is disregarded that France's partial withdrawal with regard to the European combat aircraft and Germany's total withdrawal from participation in a French reconnaissance satellite are demonstrations of examples for still inadequate understanding.

Nonetheless the agreed-upon aim of a joint security policy remains important and correct. The effort is also necessary in view of the longer-term conceivable consequences of the SDI project on European security. And finally it is imperative in the prospect of a later European union whose substance mostly depends on the essential resources which Bonn and Paris are able to contribute to it.

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MILITARY

EUROPEAN AFFAIRS

NORWEGIAN JOURNAL EXPRESSES CONCERN OVER SWEDISH DEFENSE

Oslo AFTENPOSTEN in Norwegian 18 Dec 85 p 12

[Article by Olav Trygge Storvik: "Norwegian Spotlight on Swedish Defenses"]

[Text] Swedish defense forces should not decline below a certain level, and preferably should be strengthened with a clear priority being given to air defense and the northern Swedish areas.

This advice from Norway to decision-making Swedish authorities appeared in the last issue of NORSK MILITAERT TIDSKRIFT. Lieutenant General Tonne Huitfeldt and researcher Arne Olav Brundtland of the Norwegian Foreign Policy Institute each discussed his own viewpoint of Sweden's importance for security policy stability in the Nordic countries.

The two agreed that there has been a change for the worse in military conditions in the near Nordic areas during recent years. That has created greater uncertainty about the northern areas and Sweden is largely the focus of attention. If a low level of tension is to be maintained in the Nordic countries in the years approaching the end of the century, the credibility of Swedish defense will play an entirely central role. If the level of Swedish defenses in relation to their surroundings becomes too weak that will have consequences for both Norway and Finland, both writers agreed.

Lieutenant General Huitfeldt analyzes Sweden's position from a military viewpoint, while Arne Olav Brundtland discusses the basis for a credible policy of neutrality. Huitfeldt confirms that Swedish defense forces such as they are today would tie down large Soviet forces in an eventual operation against the Nordic countries. But in 1987 Sweden will confront a major decision about the future strength, composition and readiness of their military defense.

"It is hoped that the defense decision will give a clear and unmistakable signal to the rest of the world that Sweden will continue to play the important role which the country has had in security policy, and that the country's defense forces will in the future make a significant contribution to stability in the Nordic countries," wrote Huitfeldt. He emphasized that the defense of upper Norrland should be strengthened. The same applies to the Swedish Air Force and the survivability of the air force's base and command systems.

Brundtland confirmed that from the Norwegian viewpoint the Swedish defense could hardly be too strong. The question is how strong it must be for the neutrality policy to get respect and credibility. No short answer can be given to this question, as the limits are fluid according to Brundtland. But he also emphasized the necessity of strengthening the defense of Norrland, and the importance of air defense.

The two articles give this issue of NORSK MILITAERT TIDSKRIFT the identity of a special issue about Swedish conditions. In the back of this issue there is also a useful article on the view of the commander of the Swedish Defense Forces on future developments.

9287

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MILITARY

BELGIUM

PARATROOP COMPANIES TO REINFORCE GENDARMERIE

Brussels LE SOIR in French 23-24 Nov 85 p 4

[Article by Rene Haquin: "Some 300 Army Troops Reinforce Gendarmerie in Brussels, Plus Another 100 in Three Other Provinces"]

[Text] Early in the week, both the army and gendarmerie began making appropriate preparations in anticipation of the decision made Wednesday by the Ministerial Crisis Management Committee, a decision which authorizes the gendarmerie to be reinforced by six companies of the army's Para-Commando Regiment.

A joint gendarmerie-army staff has been established in the Brussels buildings of the gendarmerie's Mobile Legion where on Thursday the first red beret platoons arrived from Diest and Tielen. After being briefed, these paratroopers were assigned to patrol duty in the gendarmerie's old blue Land Rovers, a few of which would not start because of the freezing weather.

A total of approximately 300 fully-equipped army troops are said to have reported for such duty in Brussels on Thursday. Most of them were red berets accompanied by a few green berets and even personnel from the 6th Line Infantry Regiment stationed in Ekeren. After a brief period of instruction, these troops were assigned basically to two types of duty. Some left for Evere [NATO headquarters] and Zaventem [airport] where they reinforced forces assigned to provide security for the arrival of President Reagan and other NATO heads of government. Others conducted surveillance patrols in the gendarmerie's blue jeeps throughout the greater Brussels area, particularly in front of the embassies.

Late in the afternoon, several joint patrols also took part in search operations initiated immediately after the Fighting Communist Cells' attack against the Motorola Company's office on La Hulpe Street.

Some 100 other army troops--mainly from the Ardennes Chasseurs Regiment stationed in Vielsalm--were assigned to duty in other major cities: Antwerp, Ghent, Charleroi and Liege.

The gendarmerie's reinforcements in the province of Brabant consisted of a "reduced" tactical para-commando battalion headquarters, two para-commando companies, and a "reduced" company--minus one platoon dispatched to the province of Antwerp--from the 6th Line Infantry Regiment of Ekeren.

Reinforcement in the province of Liege consisted of a platoon from the 3d Ardennes Chasseurs Regiment of Vielsalm. One para-commando platoon was sent to East Flanders.

Reinforcement in the province of Hainaut was provided by a "reduced" para-commando company (minus the platoon dispatched to East Flanders).

The army has three para-commando battalions: 1st Paratroop in Diest, 2d Paratroop in Tielen, and 3d Commando in Flawinnes.

A para-commando battalion comprises a headquarters, a headquarters company, and three line companies. Total battalion strength is 547 men. Battalion headquarters has 7 officers, 7 NCO's and 16 enlisted men. The headquarters company has 6 officers, 34 NCO's, 87 enlisted men. Each of the other three companies has a strength of 5 officers, 16 NCO's and 109 enlisted men.

The National Defense Ministry has issued a blanket order prohibiting the making of any statement to the press. In so doing, ministry officials no doubt remembered the recriminations heard from behind the fences at Melsbroek [airport] in May 1978 when paratroopers were sent to Kolwezi [Zaire].

Actually, the para-commando platoons currently reinforcing the gendarmerie again consist mainly of draftees. This reinforcement operation appears to have been effected without any great difficulty and in a spirit of solidarity. But the arrival of army troops in gendarmerie barracks, with their sentry boxes already protected by sandbags, has changed the atmosphere and is reminiscent of the old defensive reflexes characteristic of past major periods of public unrest.

In principle, the reinforcing army units furnish their own logistical support. They remain quartered in their barracks at Diest, Tielen, and Ekeren to which they return upon completion of their daily missions. However, those units stationed too far away can obtain sleeping accommodations in the Peutie barracks.

We were surprised Thursday to see among the gendarmes army uniforms other than para-commando uniforms. We were given the following explanation for this: designation of the reinforcing units is the responsibility of the armed forces chief of staff who makes this designation on the basis of military capabilities and the gendarmerie's requirements, after consultation with the commander of the gendarmeries and within the guidelines established by the government.

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MILITARY

FEDERAL REPUBLIC OF GERMANY

STRUCTURE OF CIVIL-MILITARY DEFENSE COOPERATION OUTLINED

Cologne ZIVILSCHUTZ-MAGAZIN in German Oct 85 pp 31-33

[Article by Dr Horst Schoettler: "Civil-Military Cooperation--Reflection of a Workable Overall Defense"]

[Text] Legal bases for civil-military cooperation are lacking--individual agreements for cooperation in the specialized areas are needed.

Introduction

Every nation is obligated to guarantee its citizens a workable overall defense, the equally important areas of responsibility of which, viz. military defense and civil defense, consequently require the civil-military defense. "Game rules" for this cooperation are numerous; they define the relationship between civil and military agencies. All rules are in vain, however, if the respective sides fail to develop the initiatives which civil-military cooperation not only permits but downright demands. The standard text, "Civil-Military Cooperation" ["Zivil-Militaerische Zusammenarbeit (ZMZ)], by Berchtold/Leppig, published by the Walhalla and Praetoria Verlag in Regensburg in 1980 as Volume 12 of the series titled "The Bundeswehr--An Overall Description" ["Die Bundeswehr: Eine Gesamtdarstellung"], provides the means. Nothing from this work is to be repeated here. Particularly, however, the author of this current review concurs with the following statement made by the two authors [Berchtold/Leppig]:

"Special legal bases that are specifically and technically geared to civil-military cooperation are non-existent. Given the wealth of areas in which civil-military cooperation is needed, just the attempt to achieve this would prove to be impracticable and would fail. Cooperation in the various specialized areas must therefore continue to be regulated by individual agreements; there, however, such agreements are all the more necessary."

How right the authors were in making this statement is evidenced by the fact that civil-military cooperation is being both practiced and neglected with varying intensity and varying success.

The following remarks have as their goal to introduce the working levels of civil-military cooperation. This attempt is complicated by the many facets of

the administrative and organizational structures at the Federal and state [Land] levels, by the variations in the administrations, which are in all cases of a federalist mold, and by the lack of a synoptic view of the organization of the Bundeswehr (territorial army only) and the general internal administration. Problems abound. Added to this are the varying areas and borders and the varying locations of the agencies, which do not exactly simplify cooperation.

Several figures bear this out:

Three territorial commands and five military district commands (or six military district administrations) in the portfolio of the defense ministry interface with ten state [Land] governments. On the other hand, 29 military region commands and 80 military county [kreis] commands are the point of contact of 27 administrative districts in six Federal states [Laender] as well as of 237 rural counties [kreise] and 91 non-kreis-incorporated cities in the FRG. Also included in civil-military cooperation, as components of the Bundeswehr administration, are 96 kreis selective service offices and 184 garrison administrations.

The description of the working levels can therefore give only an initial overview. This brochure is thus designed to serve as a guide to soldiers and civilian coworkers in civil-military cooperation.

1. Federal Level--Particularly the Federal Ministry of Defense [MOD]/Federal Ministry of the Interior [MOI]

The original [non-derivative] responsibility for civil-military cooperation at the Federal level lies with the MOD and the MOI. In the MOI, the department of civil defense has been created as an organization for this purpose, which serves as a point of direct contact for the MOD.

Both these ministries, together with other ministries concerned with civil defense, participated in a responsible capacity in the following agencies/committees:

1.1 Federal Security Council

This body was created in 1955 on the recommendation of NATO in each of the member states of the alliance.

The Federal Security Council is concerned not only with questions of civil-military cooperation, but also convenes, for example, to consider questions of internal security.

In the FRG, the Federal chancellor presides over this body; its membership is made up of all ministries concerned with defense matters, namely:

- Ministry of Foreign Affairs
- MOI
- Minister of Defense (chairman pro tempore)
- Minister for Economics
- Minister of Finance

The ministries are represented by their respective ministers.

Also taking part in the meetings are the state secretaries of these ministries, as well as the chiefs of the office of the president of the FRG, the office of the chancellor of the FRG, and the Federal press office.

The armed forces chief of staff participates in all meetings; the chief of the civil defense department of the MOI can be called into the meetings at any time.

Subordinate agencies are:

- the department chief committee of all participating ministries, chaired by the office of the chancellor of the FRG
- the interministerial secretariat with the defense experts of all ministries, chaired by the office of the chancellor of the FRG.

Here, too, representatives of all Federal ministries concerned with defense questions can be called in.

At the federal level, these currently number more than a dozen ministries. Aside from the previously mentioned ministries--MOD, MOI, Minister of Foreign Affairs, Minister for Economics, Minister of Finance, and Minister for Labor and Social Affairs--the following are concerned with civil-military cooperation:

- Minister for Regional Planning, Housing and City Planning
- Minister for Youth, Family and Health
- Minister for Food, Agriculture and Forestry
- Minister for Transport
- Minister for Post and Telecommunications
- Minister of Justice.

There are sections for civil defense in all ministries.

Excursus:

Numerous Federal agencies (Federal offices/institutes, Federal labor administration, Federal RR system, Federal postal system, etc.) subordinate to these ministries can be points of contact in individual tasking areas, the result, primarily, of the legal bases of the Federal performance law [Bundesleistungsgesetz] and security [of resources]. Because of their administrative multiplicity, it is not possible to list them here.

1.2 Interministerial Crisis Staff

This body convenes during

- political-military crisis
- internal unrest, and
- supraregional disasters.

It has been in existence since 1972. Depending on the status of the crisis, it is made up of the responsible chiefs of the civil defense departments (or internal security/police) in the MOI and the foreign office, the MOD, the Federal ministry for transport, and the Federal press office.

Other Federal ministries concerned can be called in if needed.

2. Federal State [Land]/Military District Command Level

In the Federal states [Laender], in keeping with the principle of cooperating on the same administrative level, the military district commands and the state [Land] governments constitute reciprocal points of contact. In all ten Federal states, there are departments in the respective interior ministries or comparable senate administrations which concern themselves with civil defense as well as fire and disaster control.

In addition to the standing cooperation between this department and the offices of the military district command, a "coordination committee for questions of overall defense" has been created in peacetime. Through uniform organizational application of the legal bases, this body [coordination committee] is responsible for facilitating civil-military cooperation.

Permanent members of this committee are:

- the respective military district command
- the responsible military district administration
- the interior ministries and defense-significant specialized ministries of the states [Laender] belonging to the military district
- the Federal agencies responsible for the military district.

Needless to say, other offices and units can be called on to participate in the discussions if need be. Normally, the coordination committee convenes at least once a year. Its important tasks include the working areas: situation and reporting system, residence control, disaster control, peacetime and wartime stationing, exercises, maneuvers, as well as crises control and alert planning. For the management of the coordination committee, a permanent point of contact is maintained in the civil defense department of both the military district command and the interior ministry chairing the committee.

In the southwestern part of the FRG, the origins of civil-military cooperation extend back to the year 1965, when for the first time contacts were made for the purpose of coordinating the defense-related tasks levied on both parties between the interior ministries of the states of Hessen, Rheinland-Pfalz and

the Saarland, on the one hand, and the military district command IV plus military district administration IV, augmented by representatives of the German III Corps and the United States V Corps, on the other. From this beginning, well-functioning coordination agencies have evolved over the course of time. These consist in essence of the civil-military central committee and ten subcommittees. The latter meet once or twice a year, as needed.

Aside from the firmly institutionalized committee meetings, additional meetings were held when required, at which pending problems are discussed.

In addition, since 1980 a conference has been held annually by the interior ministers of the Federal states [Laender] in the southern part of the FRG, the commanders and the presidents of the military district administrations in the area of the Territorial Command South, as which civil defense topics are likewise paramount.

In case of a disaster or a tension and national defense emergency, the situation center in the interior ministries of the states is manned by a command staff, in which the military district command is represented by a liaison team. The military district administration likewise assigns a liaison group to this center.

In the state chancellery (or state ministry), a civil defense expert normally counsels the minister-president [of a Land] or the head of the state chancellery: he works in close cooperation with the interior ministry of the state [Land].

Civil-military cooperation is regularly tested in exercises, particularly during NATO command post exercises [CPX's] of the WINTEX-CIMEX series. All in all, civil-military cooperation at the state [Land] government-military district command IV level can be described as good and productive.

3. Administrative District-Military Region Command Level

The administrative level of the administrative district president (or district government) does not exist in all all Federal states [Laender]. Besides the area-covering states of Saarland and Schleswig-Holstein, the city-states of Bremen and Hamburg likewise do not have these intermediate-level agencies.

Many states, therefore, deviate from the system of cooperation of similar administrative levels. While the military region commands normally cooperative with the district level, several military region commands are the points of contact in many civil-military cooperation questions for the state [Land] governments or senates.

In the district governments, the defense-related tasks are performed by departmental sections or departments, which aside from civil defense represent the components of disaster and incendiary /fire control. The two last-named areas are focal points and this is also reflected in the manning of the positions with fire-fighting technical personnel. The military side must take note of this.

These departmental sections are weakly manned as a rule, meaning that a regular exchange of ideas on civil defense matters between the military region command and the responsible departmental section of the respective district government rarely takes place also for reasons of insufficient manning.

3.1 Tasks in Peacetime

In the government of the administrative district Rheinhessen-Pfalz, used here as an example, the departmental section [Referat] 12--"Disaster Control and Civil Defense" ["Katastrophenschutz und zivile Verteidigung"]--is charged with this tasking area. The section is headed by a fire chief; the action officers are four civil servants from the senior fire-fighting technical service as well as one civil servant administrator and one salaried administration employee in a comparable position. A subordinate civil servant completes the manning.

Only one civil servant works on "civil defense," and he also has additional duties in other fields. Consequently, the cooperation at the administrative district/military region command level is not as pronounced in peacetime as in the case at the state [Land] and rural/city kreis level.

3.2 Tasks in Times of Tension and National Defense Emergency

The formation of the liaison teams by the military region command and the cooperation between the military region command and the district government per se take place only in times of tension and a national defense emergency, and prior there to for the exercises that are conducted. At those times, however, the district government is reorganized. A command staff is set up in the district government, whose situation and communications centers relay the resolutions [decisions] of the Federal and state [Land] governments to the lower administrative bodies (kreise and non-kreis-affiliated cities). The staff in those cases is normally headed by the president of the administrative district or the chief of the communal department; in the command staff, the chief of the departmental section for civil defense and fire control works as a technical advisor in the S-3 section (command, operations, tactics).

Likewise during times of tension and a national defense emergency, the military district administrations set up liaison groups to the district governments. For general internal administration, they are the point of contact of the Bundeswehr administration. When the pre-alert is sounded, these liaison groups perform the following tasks:

- Processing applications of the Federal Office for Military Technology and Procurement, of the military district or garrison administrations, for the issuance of requisition notices pursuant to materiel security legislation and associated implementation directives.
- Meeting the demand for materiel, pursuant to the economic security law, among other things.
- Armed forces recruitment and replacement, particularly with respect to balance of forces (point of contact).

- Representation (Justification) of construction requests.
- Regularly informing the military district administration, on the one hand, and the district government, on the other, of existing plans, intentions, and decisions. (A complete listing and description of all tasks cannot be given because of their security classification.)
- The chief of the liaison group is directly subordinate to the president of the military district administration. In his specialty [Operationally], he follows the directives of the respective departments.

4. City Kreis-Military Kreis Command Level

The main burden of civil defense rests on the lower administrative level, especially in the rural kreise and non-kreis-affiliated cities. The national disaster and civil defense laws decree that the primary responsibility be conferred on the chief of the communal administration or kreis administration.

It is determined in paragraph 2 of the civil defense law that it is incumbent on the states [Laender], including the municipalities, to implement this law. In this way, the competence of the Federal government is passed down directly to the administrative level of the municipalities, which thus act on behalf [on orders] of the Federal government. As in the civil defense law, the Federal government also transfers disaster control to the states [Laender], including the municipalities and associations of municipalities. In contrast to the civil defense law, which assigns the responsibility primarily to the municipalities, disaster control is keyed to the level of non-kreis-affiliated cities and rural kreis (paragraph 7). The chief administration official or his deputy are charged by the Federal government with assuring the [existence of] disaster control.

It has thus been established that the quantitative (and the qualitative!) basis of civil-military cooperation determines the cooperation between the military kreis command, on the one hand, and the rural kreise and non-kreis-affiliated cities, on the other.

It is obvious from the number of agencies [involved] that civil-military cooperation at the highest level will not progress beyond good will, political representation, or documented commonality between civil and military partners if institutions at the lower administrative levels have no game rules for civil-military cooperation, or negate them.

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MILITARY

FEDERAL REPUBLIC OF GERMANY

ANTITANK ROLE STRESSED FOR RESTRUCTURED AIRBORNE INFANTRY

Herford KAMPFTRUPPEN/KAMPFUNTERSTUETZUNGSTRUPPEN in German Jul 85 pp 163-165

[Article by Maj Peter Kratschmer: "Effects of the Fourth Army Structure On the Operation Command of the Paratroop Battalion"]

[Text] I. Introduction

On November 6, 1978, the Federal Ministry of Defense made a decision with respect to the fourth army structure. The new structure is based on the concept of strengthening the conventional combat power of the army.

On April 1, 1982, the 1st airborne division joined the new structure as the last major entity of the army.

The following considerations had to be taken into account when preparing the new organization involving the staff of the 1st Airborne Division and the airborne brigades:

1. Given Factors,

e.g.,

- Scope of respective slot;
- Structure of the command and supply component;
- Reduction of the MILAN antitank missile systems, and
- Givens with respect to infrastructure.

2. Changes in the overall framework, e.g.,

- Retention of the mortar and pioneer components on brigade level, and
- considerations regarding the introduction of an armored weapons carrier for the TOW and MILAN antitank missile systems and the FK 20-2 field gun.

3. The basic consideration that in combat a mixture of:

- paratroop units,
- paratroop antitank units and
- paratroop field gun elements

is almost always required because of the terrain and the enemy which will always fight with tanks and armored infantry.

Therefore the new structure of the paratroop battalion fourth army structure required a division of troops taking these considerations into account and making a time-consuming operational reorganization superfluous.

II. Effects of the Fourth Army Structure

Taking this framework and the battlefield requirements into account, a paratroop battalion was created which can fight in all types of combat and is capable of:

- effectively reinforcing antitank operations of other commands,
- rapid replacement of armored forces, above all,
- protecting flanks and filling gaps,
- intercepting breaking-through enemy forces in depth, and
- taking objects and terrain by surprise.

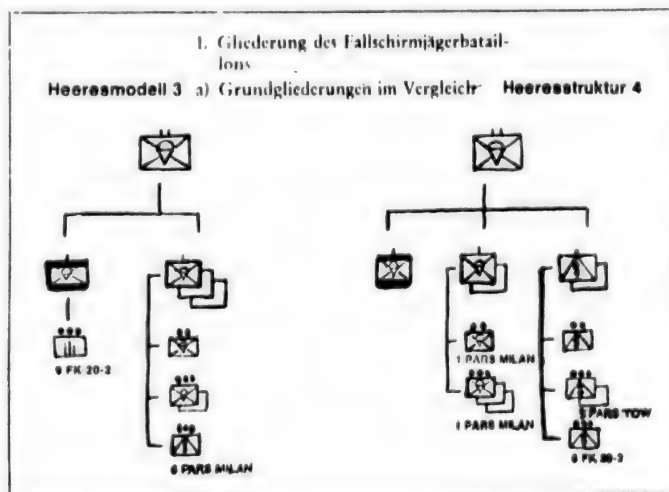
The strengths of this paratroop battalions came to bear in combat against enemy infantry as well as in destructing enemy battle tanks.

The battalion uses army transport helicopters, air force transport planes or its vehicles for transportation.

In specific situations the battalion can also be airdropped by means of parachutes.

Figure 1. Organization of Airborne Infantry Battalion

a) Basic Organization in Contrast



b) Comparison of Combat Capability

	1. FschJgZg		2. FschPzAbwZg TOW		3. FschFKanZg	
	HM3	HStr. 4	HM3	HStr. 4	HM3	HStr. 4
FschJgKp 4.	2	3	1*)	0	0*)	0
5 FschPzAbwKp	0	0	0	2	0	1

Key: 1. Airborne infantry platoon; 2. airborne antitank platoon TOW; 3. airborne gun-equipped platoon; 4. airborne infantry company; 5. airborne antitank company; HM 3 = Army Model 3; HStr. 4 = Army Structure 4.

*) The HM 3 Airborne Infantry Company had 1 MILAN airborne antitank platoon with 6 MILAN launchers. In the HStr 4, the airborne infantry company has one MILAN launcher each in company headquarters and in the platoons. In HM 3, the headquarters/logistics company of the airborne infantry battalion had one cannon platoon with 9 20mm rapid-fire cannons, towed by a 1.5 ton truck.

2. Operational Opportunities for the Paratroop Battalion - Fourth Army Structure

a. The two differing types of combat companies of the paratroop battalion, i.e.;

paratroop companies and paratroop antitank companies, are not equally well suited for all types of combat because of the difference in their weapons systems.

Type of Combat	Paratroop Company	Paratroop Antitank Company
Defense	Well-suited	Well-suited
Attack	Well-suited, particularly in built-up/wooded terrain and in battles over waters.	Suited, but for fire protection as well as flank protection for attacking paratroop companies, above all.
Delay	Suited, but only in terrain particularly difficult to survey, or wooded terrain.	Suited, due to the long range of PARS TOW and field guns and the flexibility of its weapons carriers.

These differing strengths and weaknesses of the "paratroop" and "antitank" weapon systems have to be taken into special consideration by the battalion commander and the company commanders, particularly with respect to:

- the selection of deployment and deployment areas,
- the preparation and command and control of the firing,
- the position, type and extent of barriers, and
- the support by air force, artillery and mortar.

b. The companies of the paratroop battalion are generally deployed in their basic structure, i.e., the paratroop antitank companies fight the battle, for instance in defense, with their small and infantry weapons without paratroop support, in addition to utilizing their long-range PARS and field guns. If mission, situation and terrain so require, the battalion commander can, however, reinforce companies or mix them. Independent thereof, the battalion commander must use his combat companies in such a way that mutual support is possible.

3. Massed Concentration and Reserves

By means of the four-unit structure the possibilities of operation within a paratroop battalion have been increased, specifically when forming an area of concentration and creating reserves.

Generally, the battalion commander will, by means of his paratroop antitank companies with their long-range antitank missile systems, mass his concentration where he expects the main thrust of the armored enemy forces.

By the large number and the associated use of his PARS TOW and MILAN units, which often has to be structured in extensive depth, the battalion commander will generally use a reinforced platoon as a battalion reserve. If the forces used in the security line or in forward positions are provided by a paratroop antitank company due to situation, mission and terrain, then the battalion commander will often use this company in depth after alternating and give it the mission of a battalion reserve.

Overly wide combat strips and difficult terrain can result in a division of the reserve, keeping it ready with a maximum of flexibility right behind the companies operating in the front.

4. Use of the Paratroop/Paratroop Antitank Company

a. In a defense situation, the paratroop company generally fights from one area of deployment in which the paratroop platoons and subordinate elements are deployed. These positions are to be selected in such a manner that they cannot be identified by the enemy until the latter is in the engagement area of the small and hand-held antitank weapons and can thus be fought effectively with all weapons. The positions of the paratroops are to be expanded; for this purpose the battalion commander orders the use of his earthwork equipment (4EAG in the St/Vers (?) of the battalion); with the help of this equipment and beginning with the area of concentration, the emplacements for the paratroopers and the weapons carriers of the subordinate antitank elements are expanded.

Gaps between the positions are to be controlled or blocked by fire, but in any case by means of forward observers of the mortars/artillery or reconnaissance patrols.

b. The paratroop antitank company in the defense fights from a deployment area or a position in which paratroop antitank platoons and the paratroop field gun platoon hold positions.

These positions are to be selected such that

- the maximum combat distance for the antitank missile systems and the field guns can be utilized;

- the bulk of the weapons systems can be effective in the expected focus of enemy attack, and

- the firing with the long-range weapons system is possible from various positions.

The antitank platoons and the field gun platoons generally go into a sheltered position for this purpose. The positions of the platoons are to be selected and prepared in such a manner, however, that the weapons carriers can go into a partially sheltered, but, as a minimum, into a concealed position. In most cases the antitank platoons fight the fire battle from the weapons carrier; the field gun platoons always fight it from the weapons carrier.

c. In order to survive in a battle to be fought flexibly in accordance with weapons carrier operation, the specifications of a weapons carrier (LL) [airborne] must far exceed the values which are achieved by the 0.75 ton KRKA [powered-cart] weapons carrier truck still used in the paratroop units at this time.

A high degree of terrain maneuverability, good fire power during day and night, light armor protection and air transportability (2 weapons carriers in a MTH CH-53 G) are a must.

The successor of the 0.75 ton KRAKA weapons carrier truck should therefore be a light-armored, full-tracked vehicle, which as a weapons platform for PARS TOW and the 20-2 field gun is a good basis for combat and survival on the battlefield.

III. General Conclusions

The reorganization of the fourth army structure turns the paratroop battalion into an infantry unit of increased combat force and performance, which is specifically structured, equipped and organized for combat following an air-drop operation. The upgrading of its combat effectiveness is due, in particular, to its large number of antitank missile systems of medium and long range as well as its field guns.

Its performance will be further increased by the introduction of night, target and observation equipment for PARS TOW and MILAN, AN/TAS 4 and MIRA and the introduction of an armored weapons carrier (LL).

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MILITARY

FINLAND

NORDIC NUCLEAR-FREE ZONE DISCUSSED

Origin, Seriousness of Zone Issue

Helsinki HELSINGIN SANOMAT in Finnish 24 Nov 85 p 24

[Article by Erkki Pennanen, including interview with Foreign Minister Paavo Vayrynen]

[Text] A Nordic nuclear-free zone has long been a central part of Finland's foreign policy liturgy. Parliamentary parties from the extreme Left to the Conservative Party have adopted it. Our parliamentary representatives scarcely know any more than that about matters relating to the establishment of such a zone. While the zone has been discussed in the other Nordic countries for years, here in Finland we have been content with a liturgy.

A week ago, under the leadership of Prime Minister Kalevi Sorsa, Finland's party leaders made an appeal to the governments of the Nordic countries to set in motion discussions on a zone. Only the leaders of the Constitutional People's Party did not participate in the joint appeal.

In Sweden, Norway and Denmark they have on many occasions engaged in heated, but many-sided debate on the advantages and problems of a zone. Ministers, members of parliament, civic organizations, scholars and the press have participated in it. Different kinds of expositions, reports and pamphlets on the zone have been published as a basis for discussion.

In Norway last week the foreign minister found on his desk another report, even more detailed than the previous one, on the possibilities of realizing a zone. The country's most competent experts and officials composed the report. The Swedish and Danish governments have also had the same kinds of reports made up.

It is otherwise here in Finland. Outside of a limited circle of investigators, the different aspects of the zone plan have not been discussed much or been written about. The Foreign Ministry has not ordered reports to be composed for the enlightenment of members of Parliament or the general public. Nor has Parliament overly requested explanations or discussed the zone on its own initiative. The press too has usually contented itself with repeating the official liturgy without critically examining the zone plan.

It was not until last week that a condensed collection of Nordic zone discussions was published in Finland. It is the cooperative product of Nordic civic organizations. This summary appeared at the eleventh hour.

The fact of the matter is that Finnish parliamentarians' debating skill will be put to the Nordic test as soon as next weekend. Parliamentarians from all the Nordic countries will be meeting then at the Danish Folketing for the first joint discussion of a Nordic nuclear-free zone.

The event may be described as a milestone in the Nordic security policy discussion -- security policy is after all excluded from the Nordic Council's annual sessions.

Finnish parliamentary representatives will have to leave for Copenhagen more poorly prepared for a detailed exchange of opinions than their Nordic colleagues. While an attempt has been made, on the threshold of the conference, to give them a rapid briefing, the Finns' speeches will probably be just circumspect reiterations of the official attitude -- since they will be discussing a Finnish initiative.

Kekkonen's Two Initiatives

President Kekkonen is recognized as the real father of the current plan in all the Nordic countries.

In May 1963 at the Paasikivi Society Kekkonen proposed that Finland, Sweden, Norway and Denmark declare themselves to be a nuclear-free zone. Behind the proposal was concern over the spreading of nuclear weapons into Northern Europe and concern over the note crisis in the early 1960's and NATO plans to create a multilateral nuclear navy had grown.

According to Kekkonen, the zone would leave the Nordic countries outside of speculations relating to the development of a nuclear strategy. He stressed the fact that a zone declaration would only strengthen the prevailing situation and that it would not weaken Nordic security at all.

The idea itself was not, however, originated by Kekkonen. As early as 6 years before then, Soviet Premier Mikhail Bulganin had proposed the same thing in his correspondence with the Norwegian and Danish prime ministers. The Soviet Union was concerned over the possibility that in a crisis situation Norway and Denmark would allow NATO to station nuclear weapons in their territories.

In the other Nordic countries Kekkonen was regarded as being an agent for the Kremlin. The initiative got a cold reception in Sweden too.

Kekkonen updated his proposal 15 years later in Stockholm. Behind the updated proposal was a deeper concern than before over the superpowers' continued development of nuclear weapons and especially over possible cruise missile flights over Nordic territories.

In Kekkonen's opinion, time had flown past all the objections and prejudices that had until then prevented objective discussion of the establishment of nuclear-free status for Northern Europe. The initiative was not ruled out in the other Nordic countries as mercilessly as it had been the previous time. Nevertheless, the round of feelers sent out by the Finnish Government did not lead to any sort of followup action.

For example, then Danish Prime Minister Anker Jorgensen saw no reason in Kekkonen's proposal for entering into discussions. According to him, negotiating on zones was a matter for the superpowers. Jorgensen was still of the same opinion in the fall of 1981, but he later changed his mind to promote the plan.

Then Finland just did not develop Kekkonen's last proposal nor did it adjust its position on the zone. In the other Nordic countries, on the other hand, a lively debate on the zone was set in motion in the beginning of the 1980's.

It developed into the most heated and many-sided debate of all -- surprisingly perhaps -- in Norway where Kekkonen's proposal had originally been most vehemently ruled out. At the same time an even broader debate on the country's security policy was initiated in Norway.

The Norwegian Labor Party government's decision to approve the introduction of Euromissiles in West Europe, the advance stockpiling of NATO heavy weaponry on Norwegian soil and discussion of the doctrine of a limited nuclear war set in motion in NATO served as a tinder box.

The Labor Party's left wing reared up on its hind legs, got the peace movement, which opposed nuclear weapons, and an incredibly broad and active Finnish-style public opinion to go along with it. The plan was energetically debated in the Storting and many town councils declared their towns to be nuclear-free zones.

The debate at times threatened to get out of the hands of the Norwegian Government and caused it diplomatic embarrassments in NATO. Finally, in the fall of 1981 just before the elections, Prime Minister Gro Harlem Brundtland had to put the debate on the zone into its proper perspective: "A zone would not mean that Norway could not defend itself with nuclear weapons from the territories of other NATO countries if Norway were to become the object of a massive attack."

The debate was silenced when the Labor Party lost the elections and Conservative Prime Minister Kare Willoch, who was particularly opposed to a zone, took its place.

The Norwegian debate also had reverberations in Denmark and Sweden when the zone proposal was raised at a joint meeting of Nordic social democrats. In the spring of 1981 Sweden's Social Democrats demanded that the then non-socialist government enter into communication with the other Nordic governments on the matter of a zone.

At the conference of Nordic prime ministers they had to admit that there was no basis for a detailed discussion. At the conference of foreign ministers in the fall of 1981 the zone was, however, officially raised for the first time. Since then, the zone proposal has always been mentioned in meetings of foreign ministers communiques, even though there actually has been no discussion of the zone at meetings.

Several initiatives were launched in the Swedish Riksdag to promote the zone proposal. Despite the differing views of the parties, the Foreign Affairs Committee enjoined the government to maintain contact with the governments of the Nordic countries.

When the Social Democrats returned to power in the fall of 1982, the government's hitherto lukewarm attitude changed. According to the Olof Palme government, keeping the zone proposal warm was in itself a positive action. It was not prepared to go much farther than that either, but it wanted to avoid a situation in which the Nordic countries would be openly divided into two different groups.

In Denmark the zone debate became more lively when the Social Democrats moved from a position of government responsibility into the opposition in the fall of 1982 and Anker Jorgensen changed sides. In the Folketing the Social Democrats pushed through several statements in which they demanded that the government work actively to establish a Nordic nuclear-free zone. It was, however, felt that this was only possible "in a broader European context."

Jorgensen is also the father of the parliamentarians' conference that is to meet next weekend. Finns think the idea is more President Mauno Koivisto's, who, when he was prime minister, presented the idea of a separate security policy debate in the Nordic Council.

Where Is the Hangup in Establishing It?

Northern Europe has actually always been nuclear-free. Its confirmation by an official agreement will, however, encounter countless problems. Getting to the negotiating stage has not been facilitated at all by the fact that former Norwegian Minister of Maritime Law Jens Evensen in his own name years ago presented a 23-article draft agreement for a Nordic nuclear-free zone.

The differences of opinion start with the need for a zone. Urho Kekkonen operated on the assumption that a zone would strengthen the security of all the Nordic countries. In Norway and Denmark they do not consider that to be at all obvious.

The defense strategy of the Western military alliance, NATO, is chiefly based on the scare tactic that, in the event of a war or crisis, they can also prepare to defend themselves against an enemy superior in power and numbers with nuclear weapons.

The establishment of a nuclear-free zone would in advance force Norway and Denmark to refuse to accept the protection offered by NATO's nuclear-weapon

umbrella. This would be regarded as shaking the credibility of NATO's entire defense strategy and leaving Norway and Denmark at the mercy of the Soviet Union.

In Sweden too, they have occasionally been of the opinion that Norway and Denmark's nuclear-weapon reserves are part of a so-called Nordic balance, a well-established security policy arrangement. Establishing a zone would change this to the advantage of the Soviet Union unless it were to agree to essential counterconcessions.

Kekkonen limited the zone to the territories of Finland, Sweden, Norway and Denmark. In principle the Nordic countries could decide on such a zone among themselves. In the opinion of the other Nordic countries, this sort of zone would, however, not be sufficient. Sweden and Denmark are demanding that nuclear weapons in the Baltic absolutely be included in a zone arrangement.

This requirement is problematic. The Soviet Union has concentrated a considerable portion of its navy's repair docks in the Baltic, docks it can scarcely abandon. And above all: The Baltic is a sea that is open to all. An agreement restricting nuclear weapons in it is by no means a matter to be handled [only] among the Nordic countries, the Soviet Union and the other coastal nations.

Counterbalancing its nuclear weapons in the Baltic, the Soviet Union may regard as a source of irritation the NATO fleet nuclear weapons, from cruise missiles to aircraft, that are moving about the Norwegian Sea. Kekkonen was already worried about them when he revised his 1978 zone proposal.

Norway, Denmark and Sweden are concerned over the Soviet nuclear weapons located in areas adjacent to Northern Europe, weapons on the basis of whose range seem to be intended for or are expressly adapted to be used against targets that are in the Nordic countries. Therefore, as an extension of the nuclear-free zone, a "thinning-out zone" would unquestionably be needed, one from which the Soviet Union would pledge to remove such missiles.

Can such pledges be expected of the Soviet Union in connection with a Nordic zone or do they belong to negotiations between the superpowers? The Soviet Union will not agree to discuss detailed issues before the Nordic countries are first able to agree among themselves to initiate negotiations.

Because of their membership in NATO, Norway and Denmark are linked with a "broader European connection" of the zone plan through NATO and the Warsaw Treaty Organization. A separate Nordic zone plan would seem to be as utopian as it was 20 years ago.

As early as 1978, Kekkonen acknowledged that the plan was impossible without the cooperation of the superpowers right from the start of negotiations. He required guarantees from the superpowers that they would under no circumstances use nuclear weapons against the zone countries, nor would they threaten the latter with them.

In the other Nordic countries they fear that binding the Soviet Union to guarantees might by opening the back door to it give it the right to speak on issues relating to their security policies. This is why a guarantee too is problematic.



Norway's former Maritime Minister Jens Evensen has drawn up his own draft agreement.

Foreign Minister Paavo Vayrynen

In an interview with HELSINGIN SANOMAT Foreign Minister Paavo Vayrynen said that mere discussion of a Nordic nuclear-free zone has strengthened the nuclear-free status of the area. Finland proposes a joint Nordic report on the zone as the next step in this eternal matter.

HELSINGIN SANOMAT [HS]: Finland is not in the habit of contributing to proposals which we know both superpowers will firmly oppose. How does the proposal for a Nordic nuclear-free zone jive with this?

Paavo Vayrynen [PV]: The Nordic nuclear-free zone is Finland's own security and is therefore an important proposal, thinking in terms of our important national interests. It is of primary importance to us. In considering the attitude we will assume toward the negotiating process and the content of a zone agreement we take into account the interests and views of the superpowers.

We have indeed stressed the fact that the zone arrangement should be realized such that each Nordic country retains its current basic decision as concerns its security policy. We have likewise proposed that the leading superpowers be present at the negotiations right from the start.

HS: Is promoting the plan merely self-importance? What will we gain by this?

PV: Mere discussion of the Nordic nuclear-free zone has been and is useful. Thanks to it the peoples of Northern Europe are aware of the importance of nuclear-free status for this area, that it is important to preserve and strengthen our nuclear-free status. It has already in fact strengthened Northern Europe's nuclear-free status.

On the other hand, a preliminary agreement to strengthen our nuclear-free status may become surprisingly possible if only we work for it. It may be influenced by, for example, the development of military technology and the general improvement of relations between the superpowers.

HS: Hasn't the development of arms technology made the introduction of nuclear weapons into Northern Europe militarily unnecessary and thus Kekkonen's proposals obsolete?

PV: That's a good question, but it can also be turned around: Isn't precisely technological development a factor that would in part facilitate the establishment of a zone? A zone will after all in any case be an important factor in increasing confidence and security, one which will combat speculations about nuclear weapons directed toward Northern Europe.

HS: Finland has not assumed a position on nuclear weapons in areas adjacent to [those parts of] the Baltic and the Soviet Union in Northern Europe. Isn't forgetting them unrealistic?

PV: It is expedient not to assume positions on many details until we are involved in the negotiations. Finland's premise is, however, that the zone itself would be composed of the national territories of the Nordic countries. We, of course, support measures aimed at the areas adjacent to the zone and which will add to its importance.

We have expressed our satisfaction with the Soviet Union's announcements that, as for it, it is ready to discuss both the nuclear-free status of the Baltic and measures aimed at the Soviet Union's own territory.

HS: What about the plan's general European connection, on which emphasis is laid in the other Nordic countries?

PV: Naturally, the nuclear-free zone will have a direct connection with other European arms limitation arrangements. This need not, however, in our opinion be an obstacle to the advancement of the zone plan. More far-reaching European decisions might also be set in motion through the Nordic zone arrangements.

When the NATO countries of Northern Europe also proposed that the zone be discussed among the leading superpowers, we pointed out that, before that happens, the Nordic countries should have a common idea of what sort of zone we ourselves want.

HS: How might the plan be advanced?

PV: As the next step, we have proposed that a joint Nordic report be composed. If an intergovernmental study group composed of officials cannot be formed, we might appoint a team partially composed of independent experts. At the present time there are both a UN report and national reports. A joint Nordic study would be a logical sequel to them.

HS: Can we assume that a Nordic nuclear-free zone will also fit in with our chief foreign policy objectives in the 1990's?

PV: Yes, it will fit in -- if we have been unable to establish the zone by then. Its timeliness will keep.

Norwegian Stand in Copenhagen

Helsinki HELSINGIN SANOMAT in Finnish 26 Nov 85 p 19

[Article by Pal T. Jorgensen: "Unfavorable Report from Norway: 'Nordic Nuclear-Free Zone Is Not at This Time Attainable'"]

[Text] Oslo--Norway continues to react very reservedly to the idea of creating a Nordic nuclear-free zone. This becomes evident from the Norwegian Foreign Ministry's special report which was submitted to the Storting's Foreign Affairs Committee on Monday.

The Zone Committee report was prepared under the direction of Norwegian Conservative Prime Minister Kare Willoch's former advisor, Kjell Colding. Colding is at present serving as Norway's ambassador in Helsinki.

The report states that a Nordic nuclear-free zone can only be discussed when a broader European arms limitation arrangement is effected as concerns both nuclear weapons and conventional forces.

"The report demonstrates that a Nordic zone is not attainable in the short run, which is also the Norwegian Government's view of the matter," the nonsocialist government's Foreign Minister Sven Stray stated on Monday.

Copenhagen Does Not Interest Them

The Conservative-led, nonsocialist Norwegian Government has also refused to participate in the conference of Nordic parliamentarians to discuss the zone question, which will be organized in Copenhagen this weekend.

The government was asked to send a delegate, who would be granted the right to speak, to the conference. The Norwegian Government declined, appealing

to the fact that this will be a parliamentary-level conference. The Oslo prime minister's office specified on Monday that the Norwegian Embassy in Copenhagen would arrange for an observer at the zone conference.

According to the report made public on Monday, the possibility that Norway might go along with a Nordic zone would not in itself be in conflict with Norway's membership in NATO. However, its joining the zone could be at odds with the defense strategy of the Western defense alliance, NATO.

This is why the working out of the zone will have to take place by mutual understanding with Norway's NATO allies. If this does not happen, Norway's relations with NATO may encounter difficulties. According to the report, serious consequences would be incurred if Norway were to abandon the possibility of defending itself with nuclear weapons or if Norway were to extend its support base policy, its current peacetime nuclear-free status, to apply to a state of war or times of crisis as well.

Neutrality Is Frightening

Such a decision might give rise to fears or hopes that Norway had taken a step in the direction of neutrality. The report states that, if this happened, Norway would certainly feel the need to intensify political and military cooperation with our (current) allies.

For the above-mentioned reasons, in the Norwegian Foreign Ministry report they extremely clearly state that a Nordic zone should not be established before -- not even simultaneously -- a broader European arrangement is created.

However, Norway may at some time in the future participate at the level of officials in the work of a joint Nordic report relating to a zone. Provided that the report is made taking into account arms limitation talks then in progress and NATO's internal consultations.

Guarantees a Source of Irritation

The key point in the zone report made public by Norway on Monday is whether the potential zone nations will have faith in any guarantees that nuclear weapons will not be used against them. The credibility problem with these so-called negative security guarantees especially applies to a situation in which they have already been driven into a war.

It is the viewpoint of the report that arrangements involving nuclear weapons in the areas adjacent to Northern Europe, as concerns the Kola Peninsula and the Baltic among others, should be combined with a Nordic zone arrangement -- the aim of which is therefore to strengthen the security of the zone nations.

Nor will the zone arrangement involve only the Soviet Union's nuclear weapons. The Norwegian report also demands that conventional weapons be included because the Soviet Union has superiority in that branch of weaponry.

Supervision Difficulties

Another key problem area dealt with in the report is the question of supervision. According to the report, the Nordic countries' expertise and resources are insufficient to effectively supervise compliance. As an indispensable condition to the implementation of a zone, they stipulate that the Soviet Union must submit to inspections inside the zone itself.

According to the report, the Soviet Union must also admit inspectors into those areas of the Soviet Union that are included in a possible Nordic zone, the so-called thinning-out zones.

"Appealing to negative security guarantees, those nations possessing nuclear weapons may possibly demand a more far-reaching right of inspection. This may mean unwarranted interference in the internal affairs of a zone nation. Supervision arrangements must therefore be so designed that abuses do not occur," the report states.

Finland Is Not Yet Taking a Stand

On Monday the Finnish Foreign Ministry did not wish to say anything about the Norwegian zone report and Norwegian statements relating to it. Foreign Minister Paavo Vayrynen said that he had just gotten his hands on the report towards evening. Vayrynen and ministry officials will first familiarize themselves with the contents of the report and comments will not be issued before Tuesday.

Vayrynen on Norwegian Stand

Helsinki HELSINGIN SANOMAT in Finnish 27 Nov 85 p 8

[Article: "Vayrynen Sees Something Positive Too in the Norwegian Zone Report"]

[Text] Foreign Minister Paavo Vayrynen sees positive factors too in Norway's recent report on a Nordic nuclear-free zone. The Norwegians have decided that the zone plan cannot be realized at this time, but Vayrynen draws attention to the fact that in the report they discuss in detail and in a positive spirit the development of Nordic communication in the matter of the zone.

"According to the report, it is useful for the Nordic foreign ministers to continue holding regular discussions on the zone and to complement them with communication at the secretary-of-state level. Furthermore, they feel that it will be possible at some later point for them to be able to on a joint Nordic basis start to shed more light on the zone issue at the level of officials. This outline offers opportunities for making progress, ones there is good reason to seize," Vayrynen said in his Tuesday statement.

The Finnish foreign minister, however, noted that in the Norwegian report they particularly closely link the establishment of a nuclear-free zone with a broader European arms limitation arrangement.

"The report makes it clear that, due to the conditions that have been described, the establishment of a zone would turn out to be very complicated and time-consuming," Vayrynen said.

Prime Minister Kalevi Sorsa did not want to comment in detail on the Norwegian report on Tuesday because he had not yet had time to familiarize himself with it. Sorsa, however, said that he had gotten the impression that the report was not quite as negative as the first comments sounded because, among other things, Norway said that it was ready to participate in a joint Nordic preliminary discussion of the matter.

The Nordic zone will be discussed at the conference of Nordic parliamentarians to be held this weekend in Copenhagen. There, speaker Erkki Pystynen will present the Finnish parliamentary parties' appeal on behalf of a nuclear-free zone.

In their appeal they propose that the governments of the Nordic countries decide to launch a joint Nordic preliminary effort relating to the zone.

The chairmen of all the other parliamentary parties except the Constitutional People's Party have signed the appeal. The chairmen will meet to consider possible followup actions after the Copenhagen conference.

They will not be aiming for a joint declaration or other position paper at the parliamentarians conference to be held Friday and Saturday in Copenhagen.

Foreign Ministry Group to Study Zone

Helsinki HELSINGIN SANOMAT in Finnish 28 Nov 85 pp 3,9

[Article: "Ministry Appoints Study Group: Report on Nuclear-Free Zone"]

[Text] The Foreign Ministry has appointed a group of officials to study viewpoints relating to a Nordic nuclear-free zone.

According to Foreign Minister Paavo Vayrynen, the group intends to draft a proposal to be published by next midsummer on Finland's position with regard to the [zone] plan. It will also bring together and update the ministry's own earlier reports on the matter. The purpose is to in this way prepare for a joint Nordic report and for discussions with the other countries.

According to Vayrynen, the creation of the study group came at an opportune moment since the Norwegians published their own sternly worded report on the plan early this week.

In Vayrynen's opinion, there was a lot of new material in the report. He feels that the readiness expressed by the Norwegians to participate in a study of the plan together with the other Nordic countries, among other things, is positive.

Norwegian Report Led to Creation of Study Group in Finland

According to Foreign Minister Paavo Vayrynen (Center Party), the report of the group that studied a Nordic nuclear-free zone and which was made public in Norway early this week has also made the formation of a study group opportune in Finland.

"There was new material in the Norwegian report, even if it did also reveal new problems," Vayrynen said on Wednesday in Helsinki.

The task of the group of officials to be formed is to study the viewpoints relating to the establishment of a Nordic nuclear-free zone. They will have until next midsummer to draft a report to be published on Finland's position on the establishment of the zone.

The group will also familiarize itself with reports and materials involving the Nordic nuclear-free zone that have been produced in the other Nordic countries. On the basis of these it will update the Foreign Ministry's own zone studies, keeping in mind a joint Nordic report on the plan that is to be made and discussions to be entered into with the other countries.

The study group will be headed by Political Undersecretary of State Klaus Tornudd and Political Section chief Seppo Pietinen will serve as its vice chairman.

In Vayrynen's opinion, there is an in principle positive readiness in the Norwegians' report to participate in a joint Nordic effort to study the plan.

"Norway has not specifically expressed its position on the plan before. Now that position has been formulated and it is a tough one," Vayrynen said and stated that the study group had also imposed strict conditions for joint Nordic negotiations.

In the Norwegian report the development of a Nordic nuclear-free zone is linked with developments in common European plans for limiting nuclear and also conventional weapons. In Vayrynen's opinion, Norway also imposes very far-reaching demands for the extension of the zone to Soviet territory.

"It's hard to say whether the Norwegian report will make it harder or easier to carry out the plan. It contains both elements," Vayrynen deliberated.

Parliamentary Representatives to Go to Copenhagen

In the Nordic countries they are right now getting ready for the conference starting on Friday in Copenhagen of parliamentarians who are to discuss a nuclear-free zone. Among others, Prime Minister Kalevi Sorsa (Social Democrat), Foreign Minister Vayrynen and a group of parliamentary representatives will be leaving for the 2-day conference from Finland. Representatives of the government from Norway will not participate in the conference.

According to Vayrynen, the Finns will not propose anything new with regard to the plan at the conference. "We have for a long time now hoped for a joint Nordic report on the zone," he said.

Categorized as the eternal plan, in Vayrynen's opinion the nuclear-free zone will probably not be implemented quickly, although the Finns' goal would be to achieve it without delay.

In his opinion, Norway, Denmark and Iceland's membership in NATO can be reconciled with the zone plan.

"Of course, in practice the zone plan will also depend on the positions assumed by the superpowers and their relations with one another. The leading superpowers would have to participate in the discussions right from the start. We must also assume that they would offer their own security guarantees," Vayrynen said.

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CSO: 3617/39

MILITARY

FINLAND

FORMER DIPLOMAT DOUBTS COUNTRY'S DEFENSE CAPABILITY

Helsinki HELSINGIN SANOMAT in Finnish 26 Nov 85 p 7

[Text] Oslo (STT)--Finland would certainly defend itself against a possible Soviet attack. But the question is: How effectively would the Finns be capable of defending themselves? The answer to this question may be of vital importance to Norway. This is what former American diplomat John Ausland wrote on Monday in the Norwegian newspaper, AFTENPOSTEN.

From 1969 to 1973 Ausland was the second-highest ranking American diplomat at the American Embassy in Oslo.

In the article Ausland was of the opinion that the Finns are not very willing to look the truth in the eye when examining the strength of their Armed Forces.

Ausland writes that the Finns fought against the Red Army twice and that they stopped it both times. This is why, in Ausland's opinion, the Finns have a "perhaps exaggerated impression of their ability to give such a performance again."

Ausland asserts that the 1981 Parliamentary Defense Committee report cites serious deficiencies in Finland's defense establishment.

According to Ausland, some of these deficiencies have now been corrected. He also stresses the fact that Finland needs much more in the way of funds than it now employs so that the Armed Forces can be made really effective. According to the author, this is quite possible within those limits "imposed on Finland by the Friendship, Cooperation and Mutual Assistance Pact." (The restrictions are in the Paris peace treaty.)

According to Ausland, the Soviet Union would probably only be satisfied -- thinking of the trade balance -- if the Finns would buy more modern military equipment from the Soviet Union.

After his tour of duty at the embassy in Oslo, Ausland was a member of the U.S. delegation at the SALT negotiations in Geneva. He resigned from his country's State Department in 1974 and now resides in Norway.

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MILITARY

FINLAND

FEDERATION OF OFFICERS ON PERSONNEL RESTRUCTURING

Helsinki HELSINGIN SANOMAT in Finnish 23 Nov 85 p 16

[Article: "Officers Federation Opposes Extension of the Concept of Officer: Finnish Officer Corps Disappearing"]

[Text] Extension of the concept of officer to the professional titles of others than college-educated officers wounds the pride of the Officers Federation. As for the Staff Officers Federation, it feels that the plan for improving the Armed Forces personnel system announced a little less than a month ago will emphasize protection of college-educated officers' career advancement.

In the opinion of the Officers Federation, which held its federation meeting in Oulu, the Finnish officer corps will disappear if the plan is carried out. "It's almost the same as if they were to begin calling nurses doctors," Officers Federation chairman Matti Lukkari declared.

"Officers would experience the change as a loss of their identity. There do not appear to be any pressures that support the proposed change," Lukkari noted.

"The rank of first lieutenant on graduation, automatic acquisition of the rank of major and the new rank of colonel first grade will accelerate the advancement of officers' careers. The Officers Federation has not tackled these questions," the Staff Officers Federation council stated on Friday in Helsinki in formulating its position.

The Staff Officers Federation asserts that the general plan is inadequate in many respects. Since what is at issue is an unsettled matter, the federation did not feel that it was right to start bickering with officers in the press.

"Level of Academy Officers' Duties Must Be Raised"

The Staff Officers Federation attaches special importance to the fact that the plan does not contain a clear proposal for raising the level of academy officers' duties to correspond to their training.

On the contrary, they plan to transfer staff officers' current higher functions to commissioned officers. The federation council states that these plans must be categorically rejected.

In the opinion of the staff officers, at the contemplated officers academy they should pay officers a salary as early as the first year of study and they should graduate as first lieutenants, not as second lieutenants in accordance with the plan.

According to chairman Lukkari, the Officers Federation's mistrust is not directed against the Armed Forces commander, who has approved the general plan, nor against the General Staff, which drafted the proposal. The officers fear that they will be trampled underfoot as they were in the 1974 reform of the personnel system.

Commander Jaakko Valtanen, who spoke at the Officers Federation meeting, hoped that the personnel system would not be used as a mill for producing higher wages.

"In the opinion of the officers, this is not a question of money, equality or different ranks, but in the end a question of traditions and principles," Lukkari said.

The Officers Federation has imposed its conditions for implementing the personnel system: among others, correction of the present wage distortions before switching to a new system.

The Officers Federation does not, however, rule out the entire reform, but recognizes that the level of duties must be raised to compensate for the lack of commissioned officers below the rank of brigadier general and instructors.

"Major's Positions for Staff Officers"

The Officers Federation council feels that the plan cannot be implemented unless they make changes and adjustments in it. For example, a more advanced training course for an academy officer should guarantee him the rank, position and duties of a captain. According to the plan, an academy officer could become a captain only when a vacancy occurs.

In the opinion of the federation council, Supplementary Course 3 should be included in academy officers' training and they should be given a real opportunity to acquire the rank, position and duties of a major in the officer cadre of the lower-level troop units. According to the general plan, this course is given only if it is necessary.

According to Staff Officers Federation chairman Pentti Jarvinen, at least tens of positions with the rank of major should be created for staff officers in the Armed Forces and the Border Patrol.

In the opinion of the staff officers, military technicians and managers should be transferred to the category of staff officer. "Only one academy-level professional association is needed in the Armed Forces and the Border Patrol," Jarvinen said.

The Staff Officers Federation also bears the responsibility for the interests of those staff officers now in the services. In the opinion of the federation, they should switch to a new system in a way such that all current staff officers hold the rank of commissioned officer when the first new ones graduate. The necessary supplementary training should begin immediately.

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MILITARY

ITALY

SPADOLINI PROMISES NO WASTE IN DEFENSE BUDGET

Milan IL GIORNALE in Italian 16 Nov 85 p 6

[Article by Guido Azzolini: "Spadolini: No Waste in the Defense Budget"]

[Text] "We will cut out fat and deadwood even if we come up against pork-barrel interests." The military will emphasize interservice relations.

Minister Spadolini will present to parliament very soon a plan to reduce superfluous expenses and make the most effective use of defense budget allocations. The purpose is to improve the military's efficiency by increasing interservice cooperation. Minister Spadolini affirmed this yesterday in his speech opening the 1985-86 year at the three service branches' military schools. The ceremonies have rotated for the last 8 years between Civitavecchia, Leghorn and Florence, which are the headquarters of the Army, Navy and Air Force military schools respectively.

Spadolini said that present defense spending at this time of crisis for the economy "is all the country can do"; hence the need to "revise and reshape the military in order to make it into an effective unit without waste or uneconomical expenses." But the reform plan he will present is sure to "meet with resistance from pork-barrel politicians and localities."

The measures proposed will be unpopular because they go against the electoral interests of various politicians or political parties. The decisions made will in any case be a "measure of the responsibility of the political groups that will have to take a stand on cutting out waste and deadwood." The minister observed that parliament "is the only place where these problems can and ought to be raised. They concern not only the majority but also the opposition, because they are of national importance." In other words, the minister intends to educate those who, on the one hand, lament excessive military spending and, on the other, continue to feed it by "privately" supporting a redundant military with a thousand units, officers, headquarters, bases, supply dumps, etc. that are no longer useful or are two or three times more than needed; and they cost money.

The minister again indicated interservice cooperation as being the way to "link efficiency with unity" for national defense. In the same vein, he maintained that the military schools need to be better linked collegially, not only with other military schools but also universities and "civilian" research centers dealing with military matters both inside Italy and abroad.

The minister's speech was preceded by remarks from the commandants of the three military schools: Air Force Major General Luciano Meloni, Rear Admiral Cataldo Gigantesco and Major General Natale Dodoli, who is also chairman of the committee of commandants of the military schools. The three officers outlined the activities of the previous academic year in each of the three schools and the programs that are being started. Among the innovations announced is the extension from 6 to 9 weeks of the joint activities of the three armed services.

After the preliminary speeches and before the minister's address, the defense chief of staff, Wing Commander Lamberto Bartolucci stressed the need for the military schools to accentuate their own activities with an interservice perspective and also to pay more attention to the non-military world and become aware of cultural developments and the symptoms of social change.

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CSO: 3528/30

MILITARY

ITALY

NEW PUBLICATION VIEWS SCOPE OF DEFENSE INDUSTRY

Milan IL GIORNALE in Italian 12 Nov 85 p 3

[Article by Marcello di Falco: "100,000 Employees, 360 Companies: That Is the 'Defense' Industry"]

[Text] The first annual document on the defense industry is published. Italy is in 4th place in the Western world.

Rome--It has been known for some time that the defense industry is one of the most vital to Italian manufacturing. Only in recent months has evidence been divulged that makes it possible to evaluate the real size of this part of the economy. It is easy enough to fulminate moralistically against it, but it is also easy to forget that all the other countries in the world also spend a lot for weapons. The upshot is that if we did not have this industry not only would we not export defense items as we do but we would become heavy importers.

The last and decisive contribution to understanding this sector comes from Publi & Consult International of Rome. In the last few days it published the first yearbook ever: "The Italian Defense Industry 1985-86." This weighty tome tells the number of Italian businesses completely or partially involved in the defense industry: 360 companies with "defense" billings of 4-5 trillion lire a year and about 100,000 employees working exclusively on "defense" systems.

In actual fact there are substantial difficulties in defining the scope of the industry. A good place to start is the national budget. In 1985, overall "military" expenditures were close to 23 trillion lire, about 12 trillion of which goes for salaries and pensions. The balance of about 11 trillion is for the "acquisition of goods and services," about 9 trillion of which is for the armed forces and 2 trillion for public security services.

This figure also includes expenditures not specifically "military": food, uniforms, conventional transportation, and the maintenance of civilian and similar buildings. Official government documents show that about 4.5 trillion lire go for the purchase of "war material, infrastructures and military equipment" and state that about a third of these purchases are for sophisticated electronics equipment.

It is no news that modern defense is based more and more on the use of computers and microprocessors; this explains why the "real" military industry is no longer represented by cannon manufacturers but by designers of decoy targets for enemy missiles or night-sight binoculars that can detect a moving tank in complete darkness.

This industrial evolution makes it very difficult to identify foreign trading in defense systems among all the statistics: the customs lists seem to identify hi-fi amplifiers which are really ground-to-air guidance systems. Unless the official figures are read very closely they give the impression that Italian "military" trade is now in balance: we export about 1.75 trillion lire a year and import an equal amount.

The figures recorded--"domestic consumption" at about 5 trillion lire a year, an equal amount for production, import and export at 1.75 trillion in each direction--would put Italy in fourth place in the West, after the United States, France and the United Kingdom. It is useless to mention the difficulties in identifying foreign buyers: even if their identity is not a state secret, there is doubt about who they really are. In this context, sales to one country are frequently transmitted to others.

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MILITARY

ITALY

BRIEFS

PICCIONI NEW NAVY CHIEF--Rome--Admiral Giascone Piccioni was elevated to chief of staff in a brief ceremony in the courtyard of the Navy Palace yesterday by Vittorio Marulli, who had commanded the navy for the previous 22 months. One small, but important note: President Cossiga's decree implementing the decision of the Council of Ministers to replace Marulli (who was 2 months past retirement age) appoints Admiral Piccioni "for 2 years." This is a startling innovation that must have been agreed upon by the president of the republic, the Chigi Palace and the Defense Ministry. Previously, every chief of staff had been appointed to a term ending at his retirement age except that the executive often extended the term of active duty for officers who would not have otherwise been able to "govern" for at least 24 months. The innovation introduced in Piccioni's appointment may thus be interpreted as an official sanction of this custom. The "appointees' waltz" is not over: a decision is expected to replace General Giuseppe Piovano with Admiral Mario Porta at the Defense General Staff. Many people have noted the government's delay in preparing the appointment, although there is reason to believe that it may be due to resistance within the military leadership. Now that Piccioni has become chief of staff, the post of commandant of the Naples department will go to Admiral Cesare Pillini, commander of Alto Tirreno. He will be succeeded by Admiral Vinciguerra, and his second in command Sergio Maioli will become squadron commander at the Porta base. The new second in command is expected to be Admiral Filippo Ruggero. [Text] [Rome LA REPUBBLICA in Italian 16/18 Nov 85 p 7] 8782

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MILITARY

PORTUGAL

DISMISSED MILITARY RETURN TO ARMED FORCES

Lisbon EXPRESSO in Portuguese 23 Nov 85 pp 1,3

[Excerpts] The Army General Staff has just readmitted 56 general officers who had been "purged" following 25 April. The group includes Luz Cunha, Bettencourt Rodrigues and Silvino Silverio Marques, considered the strong men of the "land army" in the final phase of the Marcelo Caetano regime. EXPRESSO has learned, meanwhile, that Silverio Marques did not request reinstatement, nor did Kaulza de Arriaga. Also reinstated were 221 high-ranking officers and 23 sergeants who were removed from the active army and placed on reserve following the revolution.

According to information obtained by EXPRESSO, the Defense Ministry is studying the case of Adm Americo Tomas, former president of the republic, with a view to his readmission to his branch of the Armed Forces. Incidentally, no naval officer has been placed or readmitted, although almost all those who were dismissed have already requested a review of their career status, under the terms of the legislation in force.

In the Army, contrary to other branches of the Armed Forces, the reintegration process is almost complete. According to our information, Gen Vasco Goncalves, who has been (and is now) on reserve status, has not requested to be transferred to active status, as he could have done under a regulation which permits a review of the status of military officers in this situation.

Return to Barracks

With regard to ranking officers and sergeants, we have learned that 26 have also requested transfer to active duty. Of the 221 officers who have been reinstated, 9 may give up their reserve status at any time and return to active duty. They include three colonels, two lieutenant colonels, three majors and a captain. Unlike the others, none of these officers has yet reached the age limit established for each of these ranks. Thus they are in a position to return to active duty.

General Promotions

According to our information, 106 naval officers have also requested to be returned to active duty. No one has been recalled yet, for purely bureaucratic

reasons, It is known, meanwhile, that many of these officers will be promoted to the next rank and, in some cases, two ranks above the rank they hold now.

As for the Air Force, an official spokesman confirmed that "we are now in the phase of analyzing the status of those who were purged, in accordance with the legislation."

In this branch, too, almost all those who were removed have requested the "reestablishment" of their careers. The dispatch was favorable, as the chiefs of general staff of the other two branches of the Armed Forces were favorable; only the Army chief of staff ruled unfavorably, and this only with regard to military officers whose service records indicated disciplinary action had been taken against them.

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CSO: 3542/42

MILITARY

PORTUGAL

LEMON FERREIRA ON ROLE OF ARMED FORCES

Lisbon DIARIO DE NOTICIAS in Portuguese 26 Nov 85 p 3

[Excerpts] "Any allusions to obstacles stemming from the armed forces with regard to the complete implementation and development of the democratic process and the nation's well-being, as set forth by its legitimate representatives, are unreal and farfetched. Quite the contrary; the military institution, being one of the elements of the overall social fabric, is profoundly interested in the nation's stability, economic development and educational, cultural and material progress." This is the statement made yesterday by Gen Lemos Ferreira, head of the Armed Forces General Staff [EMGFA], during a speech which he gave before the Lisbon Artillery Regiment as part of the national commemoration of the 10th anniversary of the 25 November [coup attempt], held at the headquarters of that military unit and attended by the president of the republic and prime minister.

Asserting that "there is no such thing as progressive armed forces versus conservative armed forces," Lemos Ferreira emphasized that "by definition, technical necessity, and natural tendency, the armed forces are in a constant state of evolution encompassing the most diversified areas, from the equipment and accompanying instruction to applicable tactics and human relations."

'Naturally Conservative'

In his speech at the Lisbon Artillery Regiment, Gen Lemos Ferreira stated that the military institution is "frequently innovative in a positive sense," although it is "naturally conservative with regard to moral principles."

'Conscious Obedience'

Gen Lemos Ferreira asserted that the military institution is "eminently national," by which he means that it is an instrument at the service of the nation and state without being subject to possible influences of a party nature."

And he went on to say: "Without casting any doubt on the unwavering obedience (of the armed forces) due to sovereign organizations which exercise and develop national policy, it goes without saying that obedience must be conscious and not blind and that the precise significance of the word 'serve' does not imply subservience or the acceptance of possible situations of discretionary subordination."

According to the EMGFA chief, the statements he made are aimed at "eliminating unfounded anxieties expressed by certain individuals with regard to the intrusion of the armed forces in the state's political structure and who, repeatedly, insist on establishing a false civilian/military schism in our society."

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MILITARY

SWEDEN

NEXT ARMED FORCES CHIEF TO FACE FUNDS ISSUE

Previous Career Examined

Stockholm DAGENS NYHETER in Swedish 11 Dec 85 p 7

[Article by Olof Bergman: "Bengt Gustaffson to Follow Lennart Ljung--
A Military Career Straight to the Top"]

[Text] "He carries a marshal's baton in his knapsack." Perhaps they will dare to use this somewhat tired expression about 52-year-old Lieutenant General Bengt Gustafsson, who is expected to be appointed Supreme Commander of the Armed Forces [OB] on Thursday, replacing Lennart Ljung.

As early as 1983 Gustafsson was designated as the new OB, but evidently he was considered too young and Ljung remained 2 more years on the job.

His career went straight up from his graduation in 1958 from the Defense Secondary School to his present position as Commander of the Upper Norrland Military District. Furthermore he advanced so rapidly that in 1984 he skipped over the grade of major general and became a lieutenant general directly, which does not happen often. Of course that happened with the approval of the government, as do all senior appointments.

Despite the swiftness of his rise, Bengt Gustafsson has had a very genuine career. He became an officer in 1959 and has gone through the Swedish Armed Forces Staff College, the National Defense College and the Engineer Officers School. With troops he has served in the Boden Engineer Corps and the Svea Engineer Regiment. Furthermore he has on different occasions served on the Defense Staff and the Army Staff.

In his military career there have also been some civilian positions, which have surely been useful in his march toward the position of OB. Thus he has been head of the Civil Defense Planning Bureau and was a member of the Economic Defense Environmental Committee and the Readiness Council of the Social Welfare Board. Perhaps most important was his service as Departmental

Counsel in the Defense Department 1982-1984. The then Defense Minister Anders Thunborg is said to have appreciated his good judgment and his capacity for work. When Bengt Gustafsson was appointed lieutenant general and commander of a military district in August 1983 it was therefore just a matter of time until the marshal's baton, or more correctly the position of OB would be attained.

Security Risk

During his time in Norrland Bengt Gustafsson worked to stop the migration from inland to the coast. To the extent that he could, he tried to contribute to creating jobs where the people had their roots.

"It is important from a practical viewpoint, but also psychologically. It is easier to create a willingness to defend an area where people live," he recently said in a speech.

Clippings concerning the future OB are free of unfavorable notation, except that he was accused by the Communist Workers Party of Norrbotten of being a "security risk." That happened when Gustafsson, days after he took over in Norrbotten, in an interview stated his solidarity with the Western powers. He "is more concerned about the threat from the East." This inflamed the chief editor of NORRSKENSFLAMMAN, Alf Lovenborg, who is also chairman of the Communist Workers Party. He demanded that the then Defense Minister Anders Thunborg replace Bengt Gustafsson as commander of the northern military district.

Three Children

Part of the story about Bengt Gustafsson is that he has been married since 1957 and has three children, two girls born in 1959 and 1961 and one boy born in 1968. What he does in his free time could not be determined despite questions asked here and there.

Possibly his work is his hobby. He would not say anything about this, nor about the appointment as OB.

Opposition Party Leaders Approve

Stockholm DAGENS NYHETER in Swedish 12 Dec 85 p 8

[Article: "Green Light for New OB"]

[Text] The party leaders of the political opposition approved the appointment of military district commander Bengt Gustafsson as the new OB

30 January 1986

beginning 1 October 1986. That took place on Wednesday when Defense Minister Roine Carlsson briefed the party leaders about the changes in the military leadership.

The appointment of Gustafsson as OB will take place at Thursday's cabinet meeting. He will be the youngest OB ever, at age 52.

At the meeting with Roine Carlsson the opposition asked questions about other changes in the military leadership, but Roine Carlson did not say anything. In the first place the chief of the Naval Staff, Torsten Engberg, is expected to be the new chief of the Defense Staff, replacing Bror Stefensson. The appointments will be announced in the spring, and many changes are expected.

'Wide Experiences' Main Strength

Stockholm DAGENS NYHETER in Swedish 13 Dec 85 p 2

[Editorial: "Change in Post of OB"]

[Text] Since Olof Thornell during the war years, no supreme commander has had such a difficult job as Lennart Ljung.

Since Ljung took office in 1978 it has been difficult for the defense to get sufficient funds for an effective organization. Territorial violations and submarine penetrations strain large parts of the military system. When Bengt Gustafsson takes over the job next year he knows what to expect.

Every commander who holds the position sufficiently long contributes to the mood of an organization, and perhaps also puts his stamp on it. Military generalship is hardly expected of a modern OB in the first place. Lennart Ljung has led the defense forces as a flexible and outward-oriented business leader or an up-to-date civilian factory manager, more of a conciliator than a bold decision maker. Some said he was a bit like an archbishop. Having come from a technical branch, Ljung gave the defense leadership a more intellectual stamp than it previously had. Bengt Gustafsson, the engineer officer, has the ability to keep internal debates within the organization at the same level. Then it will depend mostly on cooperation and leadership. What is needed is a real commander of the defense forces--with the power to reorganize the apparatus.

Gustafsson's strength at the outset should be his broad experience. He was head of a bureau in Civil Defense, commander of a regiment, head of a department in the Defense Department and commander of a military district--there are not many more accomplishments to wish for.

While new in the role of commander in Boden, Gustafsson made a number of hasty statements in the beginning, even some which had nothing to do with the security policy situation. In an article in this year's edition of the debate book of the Foreign Policy Institute "Fred och sakerhet" [Peace and Security] he presented fairly obvious viewpoints on the need for more money for a partially hollowed-out defense. Our present OB is also one who plays with the idea that the army of the future will refrain from tanks--the lack of deeper analysis is, however, obvious.

Now it is everything for the combat units. If Bengt Gustafsson as OB can ensure the availability of junior officers and NCO's--active and conscript--in repetition training he will make a valuable contribution which no one has previously been able to do. An abundant respite for well-educated and eloquent people creates a serious democratic problem within the popular defense forces. A solution here is at least as urgent as maintaining the level of defense material.

Gustafsson on Career, Goals

Stockholm DAGENS NYHETER in Swedish 16 Dec 85 p 20

[Article by Peter Bratt: "Competition With Industry an Acute Problem for New OB: We Must Close the Gaps in the Ranks"]

[Text] During the war there was an airfield adjacent to a small town in Skane. A little boy could always be found around the hangars. He wanted to be an aviator at any cost. But the dream was not to be. He was rejected at Ljungbyhed. Today Bengt Gustafsson is the oncoming OB, the youngest ever.

"That was a blow from which I had to recover in order to move on."

Bengt Gustafsson said it without smiling, which is unusual because otherwise he is quick to smile and laugh at himself, even about the most serious things.

Perhaps the easy attitude indicates that he does not take himself so terribly seriously. The simple steel watch band on his wristwatch, the spontaneous gestures and the refreshing absence of pomp all point that way.

His father was a blacksmith, but acquired tuberculosis and reeducated himself as a radio technician. Bengt Gustafsson took a practical lower certificate examination, which was about like leaving elementary school to enter a technical vocational career. He had no plans to attend college or university, because of course he was going to be a military pilot.

But after he was eliminated he worked in road building, and when he was called up it was to the engineer troops.

"They wanted me to stay and become an officer. My education was of course not sufficient to be a civil engineer. In the military one's education is paid for."

That is how the son of a blacksmith from Hastveda is now going to be the OB starting 1 October next year.

Acute Problem

That is one of the most acute problems which he as OB will have to deal with. Young officers with expensive training are being hired away by private industry. That is leading to serious gaps in the defense.

Today there are four levels of the Defense Decision 1987, of which the present OB prefers the highest. What will happen if the government selects the lowest?

"It is not possible to have a high technology defense which is also personnel intensive. It is either at the expense of the personnel side and the general conscription, or else it will also hit the material side.

"If the cuts are made on the material side the result will be that the ground troops can not carry out their mission, or that we cannot maintain our air defense or expand our antisubmarine capability," said Bengt Gustafsson.

He believes, however, that he can get the government to take another route, he said smiling.

Upper Norrland

Today Gustafsson is commander of the Military District of Upper Norrland.

The "Pentagon" is in Boden in a modern triangular building. It is surrounded by pretty old regimental buildings with new facades of ochre illuminated in the darkness. All around is the low, monotonous taiga landscape. Along the banks of the Lulea River there are a few skiffs, abandoned in the snow and ice.

All military analysis indicates that at the start of a war Sweden will be threatened primarily by an invasion from the east. The reason is that the Soviets, in order to protect their submarines in the Barents Sea, must prevent NATO from holding airfields in Norway.

The Russians would therefore come through Sweden in order to take Norway. But is that really possible overland? The Soviets have a total of 70 divisions. In Swedish wargames there are examples of inputs from the east of 15 to 20 divisions. Is that realistic?

Swedish military officers will not speak publicly in numbers about the different threats. But the well-known American strategist Steven Canby, who is well acquainted with Swedish defenses, told DAGENS NYHETER that a Soviet ground attack to take Norway is as good as excluded.

He definitely believes that the Soviets lack sufficient specialized forces for the task. The input would have to be unreasonably large. From the NATO viewpoint the credibility of Swedish neutrality depends primarily on the ability to prevent the Russians from using Swedish airspace, according to Canby.

Resist

Bengt Gustafsson believes that a mobilized Swedish defense in Upper Norrland has very good prospects of resisting an attack from the east.

"I agree with him that with ground units in place it is primarily aircraft violations that we must be on guard against, but they can also come from the west.

"And I believe it is important to make it clear to the rest of the world that we intend to shoot in whatever direction they may come from."

But then is not the debate about the defense a bit slanted today? Steven Canby believes that Swedish defenses are so strong that the Soviets could hardly manage to go through Norrland in the event of a world war, even if they tried.

Is it not true that Swedish weaknesses are overemphasized, and that Soviet capabilities are exaggerated? Would it not be better to say that our defense is better than most, including our conscripts?

"It is a problem that I have faced in discussions with conscripts. Because we are talking about the situation today. The debaters in Stockholm are talking about the 90's, and what our relations with the rest of the world will look like then, but many times the readers do not understand this.

"I believe that there is a chasm between today's situation and the debate. We must find a way to explain this to the public," said Bengt Gustafsson.

Threat From the East

How would he interpret the threat from the east?

"The Soviets appear to have a great need for security. Since the war they have built up a security zone outside sacred Russian territory. That is the situation in East Europe. Another thing is the confidence-filled relations with neutral Finland, which is manifested by friendship and aid agreements.

"Here the Baltic also enters the picture, for example by the Soviet desire to keep out nonriparian states."

Should the submarine incidents be interpreted as part of an attempt to frighten Sweden and establish control over the Baltic?

"No, I don't see it that way. I can find no reasonable explanation. We of course intend to remain neutral in a conflict between the blocs. There is no reason to influence us further."

Then what does he say about the ongoing submarine debate. Does our future OB believe in the submarines?

"As to U-137, I have not seen any of the secret information about it, as I have had no need to know. I think it is clear that the submarine was intentionally operating in the area.

"Concerning Harsfjarden, one must have sufficient confidence in Sven Andersson (chairman of the Submarine Commission and former defense minister) to believe that he could not have been misled or based his judgments on insufficient evidence."

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MILITARY

SWEDEN

CONSERVATIVE PARTY CHAIRMAN OF DEFENSE COMMITTEE STIRS DEBATE

Stockholm DAGENS NYHETER in Swedish 24 Dec 85 p 6

[Article by Anders Ohman: "Senior Conservative Will Strengthen Defense-- Weapons Instead of Day Care"]

[Text] The defense can be strengthened at the expense of child care and transportation service for disabled persons. That is the opinion of Lennart Blom (Conservative), new chairman of the Riksdag Defense Committee. "It is entirely wrong to play off defense against social reforms," said Bengt Lindqvist, acting social affairs minister.

The new chairman of the Defense Committee, Lennart Blom, suggested in an interview in the latest issue of CIVILA FORSVARSTIDNINGEN that if the state contribution to child care were reduced, money would be released for defense.

Previously he responded in this way to a question of whether Sweden has a strong defense: "No, it is far from satisfactory. It is necessary to see to it that defensive strength is fairly decent in all areas. Defense's share of the GNP has of course sunk continuously, while defense material has become more expensive.

"This development must be stopped. There is a risk that confidence in our alliance-free policy will be undermined if our defense is not strengthened," said Lennart Blom.

To the question, "Where will the money come from then?" he replied:

"With the existing poor state of the national finances, it must come from savings. One area is the national contribution to the colossally expensive public child care."

In the interview Lennart Blom expressed the hope that Swedes, as one of the world's most well-off populations, understand that they must pay a price to insure neutrality. An insurance premium which is too low gives too little insurance protection, he said.

Large Amounts

"The country must economize on its contributions to the municipalities. Child care and transportation for the handicapped are the largest amounts. The municipalities must themselves decide about child care and transportation for the handicapped," said Lennart Blom to DAGENS NYHETER, and he pointed out that this is a known Conservative Party viewpoint.

Lennart Blom considers it logical to name these two amounts in discussing how to get more resources for defense.

"It is important and necessary to acquire resources to strengthen the defense, Lennart Blom said to DAGENS NYHETER.

"This is an example of traditional Conservative politics," commented Bengt Lindqvist, acting social minister. "It is wrong in principle to play off defense questions against social reforms. It was through the avoidance of such games and comparisons that Sweden created its welfare state. Social reforms are anchored in a broad political base."

Bengt Lindqvist says he understands why the Swedish people are concerned about the national security, against the background of the submarine violations and the ongoing debate.

"Defense zealots have not hesitated to utilize that debate," said Bengt Lindqvist.

He stated that the Riksdag decided to expand child care to include full coverage until 1991. That means all children have the right to preschool.

To take away the state contribution to transportation service for disabled persons would be a hard blow to the handicapped, who would lose the independence which freedom of movement has created.

The social minister said that he is for a strong defense, appropriate to the security policy situation in which Sweden finds itself.

"I cannot say where we will finally arrive in this analysis, or how much money this will cost," said Bengt Lindqvist.

Liberal Party Says No

Daniel Tarschys, MP for the Liberal Party and chairman of the Social Committee told DAGENS NYHETER:

"We are also concerned about defense, but we cannot agree with the idea that it be strengthened at the expense of child care."

The Liberal Party supports the Riksdag decision to expand child care to "full coverage of the demand." The party will discuss the financing of defense when the government's budget bill arrives in January.

Liberal Party leader Bengt Westerberg said in Boden one month ago that the party is favorable to the higher part of the four economic alternatives in OB 85, which will be the basis for the 1987 Defense Decision.

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ECONOMIC

AUSTRIA

EXPERT PREDICTS ECONOMIC DOWNTURN IN LATE 1986

Vienna PROFIL in German 25 Nov 85 pp 36, 40

[Interview with Helmut Kramer, chief of the Institute of Economic Research, by Liselotte Palme, on economic forecasts and National Council elections; date and place not specified: "1987 Won't Be a Super Year"]

[Text] Palme: It is said that whether the next National Council election will take place in the spring of 1987 or will be held earlier, depends largely on how Kurt Steyrer will do in the presidential election. In reality, another factor probably is of even greater importance in the internal government considerations regarding the election date: the assessment of the economic situation. When will the economic boom stop? If one must count on the number of unemployed exploding in the pre-election winter of 1986-87, if an economic decline is predicted for this very period, then the government will naturally be interested in moving the elections forward. What do the economic researchers say when the government confronts them with this question?

Kramer: The government is not in the habit of asking the Institute of Economic Research when to set the election date. But apart from the question of the election date: at the moment, it is very, very difficult to assess the economic development in 1987. There are too many factors involved which cannot be judged today.

Palme: From today's viewpoint, what would you consider the most probable development? After all, in 6 or 7 months the government will have to start considering its election budget.

Kramer: If I were finance minister, I would not assume that 1987 will be an economic super year. I should think that, from today's viewpoint, those forecasts are the most plausible which predict economic deterioration for the end of 1986 and the beginning of 1987. At that time, a gradual weakening tendency in the labor market might show up.

Palme: That means that elections in the spring of 1987, depending on the economic climate, could become a shaky affair for the SPÖe.

Kramer: The labor market situation will certainly be of some political interest.

Palme: You say: weakening tendencies in the pre-election winter will probably show up in the labor market. Does that mean that you are expecting an earlier decline in other economic indices, such as investment, exports, etc.?

Kramer: It is really impossible, from today's perspective, to predict whether it is a decline, or a weakening. But I do believe that a drop in investment activities by about the middle of next year is rather probable. This would mean that the labor market would not react significantly before the spring of 1987.

Palme: So the election date might just work out as far as the economic boom is concerned. If the government is optimistic, it will risk it; if it is pessimistic, it won't.

Kramer: It could work up to the elections. But, so far, we have only looked at the situation in the labor market. That the 1987 economy will not be better than in 1986, that also means something with regard to budget policy considerations. If it is more or less pre-programmed that 1987 will bring a lowering of income taxes and if, on the other hand, economic activity weakens, which has an automatic effect on the national budget, then it would infer a renewed significant upward jump of the budget deficit problem. Of course, there arises the question whether this prospect means anything to the population, politically. In any case, it means that the budget picture in 1987 will be much more difficult than in 1986.

Palme: A recommendation to the government: play it safe, and have elections in the fall of 1986, before the budget speech?

Kramer: I am neither a politician nor a government adviser. I am an economics researcher.

Palme: What is of primary importance if something happens to the economy?

Kramer: The present international economic situation is characterized by great imbalance: the large industrial countries have not sufficiently coordinated their economic policy. For example, the traditionally strong orientation of the Germans toward domestic stability--whereby they build up large export surpluses in foreign trade--does not fit at all with the policy of the U.S. government which, in effect, is demand-oriented. The United States not only has an enormous budget deficit, but also a large and fast growing current account deficit. This, in turn, has counter-entries somewhere in the world. Among these counter-entries, German export surpluses are the second largest item. The largest counter-entry is Japan's current account surplus; in third place, after the FRG, come the developing countries which now must also accrue current account surpluses. Incidentally, South America overall already has a surplus. This means that the United States, the richest and also economically strongest country in the world, is at present the largest debtor nation of the world and lives at the expense of much less potent economic partners. This can't go well in the long term. It is now a matter of how to change this global

imbalance. And the solution to this problem contains the key questions for assessing future international economic development.

Palme: The most common argument heard here, is this: The Americans got caught up in a vicious circle of deficits, while the Germans, and also the Swiss and Dutch, move along the virtuous path of economic policy. They reduced their budget deficits--if they ever had any worth mentioning--and have switched totally to a policy of domestic stability. The economy reacted to it with great investment activity. Why should they, at the request of the Americans with their sinful economic policy, wipe out their successes of stability policy, stimulate home-made growth, and build up new budget deficits? Rather, it is up to the United States to become sounder and to reduce their budget deficit. Jointly one could try to bring down a little further the high dollar exchange rate in the foreign currency exchange markets. The necessary U.S. deficit reduction certainly would mean a slow-down in international growth: this road would hold additional risks for the world economy, at least during a transitional phase, but that has to be accepted. Will this opinion prevail?

Kramer: It gets us nowhere to speak of the "German path of virtue" and the "vicious circles of U.S. deficits." A way out can be found only if both sides adapt. Naturally, the United States must create order in its own house, but on the other hand, there already exists the realization--for instance, it can be seen in the OECD, and a little bit in the IMF--that one should signal the Germans: do something! In domestic policy, step on the accelerator a little, loosen up a bit in budget policy, you can really afford it with your national budget.

Palme: If the Germans changed their course in that direction, then Austria would also enjoy somewhat greater economic security?

Kramer: Yes, although what I said was naturally not meant to refer to Austria. Incidentally, some observers in Germany--and not only those belonging to the Left camp--have the impression that more ought to be done, also on the part of public demand. This attitude comes through in the Board of Experts, the well-known Ifo Institute uses this argument, and so do some others. Still, at present it does not appear that the Kohl government is willing to change course. Finance minister Stoltenberg, who embodies the present course, is considered not only the most successful German politician, but also one of the most popular, competent and best-liked ones. His willingness to risk his credibility through a change of course is probably not very great. It would probably be different if the German government came under strong political pressure so that one would say simply for party reasons, the next parliamentary elections will be lost if we don't switch, rapidly. After the election in North Rhine-Westphalia it almost looked that way, but this impression seems to be long gone.

* Not least of all, the SPD won in North Rhine-Westphalia because of topical labor market problems.

Palme: Recently, German ex-chancellor Helmut Schmidt, in an article in the Hamburg paper, DIE ZEIT, directed a fiery appeal to the Kohl government to change course. He writes that budget consolidation has become a fetish; in view of the enormous U.S. budget deficits, Germany has no reason to make the opposite mistake. While the money being saved in the United States is insufficient by far to finance U.S. investments and consumption, the German savings rate is far from being utilized fully. Rather, in part it is being used to finance the "wretched foreign trade surpluses," DM 75 billion this year. These foreign trade surpluses are always celebrated as a sign of special German competitiveness; however, in reality they are a "warning of a financial policy violating the equilibrium." If Germany continues on this path, it will reap foreign policy problems vis-a-vis the United States similar to those that happened to the Japanese because of their surplus policy.

Kramer: Meanwhile, under pressure by the United States, Japan has decided to expand domestic demand. Nonetheless, Japan will continue to have a high foreign trade surplus next year. And in Germany, also, it was decided to lower income taxes in two phases. German economic researchers, however, do not assess the effects of this lowering of taxes as very important. I read the Schmidt article, and basically I share his opinion to a large degree, with the exception of one or two objections. For example, one must take a closer look at the German export surpluses, which are heavily dependent on exchange rates, and then it becomes evident that, although exports top imports by more than 500 billion schillings, the German balance of current accounts--which includes not only the flow of goods, but also services and tourist travel--shows a surplus of "only" about 250 billion schillings. The amount is, therefore, not quite so dramatic. But nevertheless: Schmidt expresses an opinion which, as said before, can increasingly be heard in international organizations, also, and in which I largely concur.

Palme: The way it looks right now, no new strong economic "locomotive" will appear anywhere in the world if the U.S. locomotive drops out.

Kramer: We really can't tell yet whether the U.S. one will really drop out completely. Without a doubt, there are realistic forecasts that the U.S. economy is unavoidably heading toward an early recession, while it is quite possible that, next year, there could be one more economic spurt. I believe, however, that European economic activity will not be affected at first, if we only look at 1986. The European economy has developed a certain self-dynamism and is not immediately ready for a recession. As I said before, I am confident that, to about the middle of next year, the European investment economy will carry itself. If, however, U.S. economic activity really collapses and the Europeans do nothing to change their present course, then we will probably really get it in 1987,--the recession.

ECONOMIC

DENMARK

GOVERNMENT, BUSINESS SEEK INCREASED EXPORTS TO EAST BLOC

Official Comments on Problems

Copenhagen BERLINGSKE TIDENDE in Danish 23 Dec 85 Sect III p 6

[Article by Carl Otto Brix]

[Text] A former minister is to 'open up doors' in countries where purchases are decided upon by politicians. The East Bloc countries are interested in a wide range of Danish commodities, but there is an especially great interest in foodstuffs factories, delivered on a turnkey basis.

The state trading countries have become of increasing interest to Danish enterprises, and something is being done about the possibilities existing in China, the Soviet Union and the East-European countries.

Danish enterprises are nearly always in a position to deliver the goods required by the above countries, and, in China, there are young Danish business people who speak the language. That may certainly be called an accomplishment.

Decisions on purchases in the state trading countries are made on the political level, and that is why the committee concerned with trade agreements with these countries was given a political chairman 18 months ago.

It is former Minister Arne Christiansen (Liberal Party), and his task is to open the doors to Danish business people, as well as to handle such problems as may only be handled in ministerial offices, to which politicians and not business people have access.

The Committee for Industrial and Economic Cooperation is concerned with eight of the countries of Comecon, the cooperation organization of the East Bloc. In addition to the Soviet Union, these countries are Poland, the German Democratic Republic, Hungary, Czechoslovakia, Romania, Bulgaria and Cuba. In addition to Comecon, China and Yugoslavia.

A Committee for Each Country

In addition to Arne Christiansen and a representative of the trade department of the Ministry of Foreign Affairs, Danish banks and business organizations are

members of the committee, or rather committees, for a committee is set up for the trade with each individual country. The participation on the part of Danish banks is, of course, due to the question of financing terms.

From 1983 to 1985, trade with the state trading countries increased. They now purchase between 2 and 3 percent of total Danish exports, and that, of course, is a modest share of the total volume. Denmark purchases 5 percent of its imports in those countries, but oil from the Soviet Union accounts for the major part of these imports. In terms of money, Danish exports amount to 3 billion kroner and the imports to 8.5 billion kroner. Danish exports to China amount to 755 million kroner and the imports to 1 billion kroner.

"What are the requirements made of Danish exporters on the part of the state trading countries?"

"It takes patience," says Arne Christiansen, "the investigations are thorough, and the decision-making process takes a long time. It may very well take 10-15 years before the efforts pay off. The enterprises have to have their people travel in those countries for a long time. Allow me to add in passing that these business people are treated poorly by the Internal Revenue Department. They ought to be paying some form of seamen's tax, for they are really away from home for a very long time, and that is a heavy burden, both financially and emotionally."

"How does Denmark manage in the said markets?"

"Danish enterprises are always able to deliver the desired goods, but we have, indeed, to be in a leading position, for we are not alone in those markets. Wherever we come, we encounter representatives of other Western countries, the Swedes, for example, are experts in the field of hotels."

Wide Range of Goods

"What kind of goods are in demand in those countries?"

"It is a question of a very wide range of goods. It is gratifying to see, however, that many foodstuffs enterprises, to be delivered on a turnkey basis, are among the things in which those countries are interested. Other items are slaughterhouses, dairies and breweries. Imagine that there is a Danish dairy for 400 million kroner located in the north-eastern part of China. However, among the other goods that they are interested in, I shall mention soil cultivation machinery, grain elevators, electronics, sprays, the semen of bulls; indeed, I could go on mentioning many more fields. I have eaten ice cream in China, made on a Danish ice cream machine."

"What kind of advice would you give to Danish exporters interested in exporting to China?"

"We have to concentrate on geographic areas that we are able to handle and serve 100 percent. We have to choose selected provinces in China as our special areas of interest, for we shall not be able to handle the entire continent

that China really constitutes. The enterprises, moreover, have to be prepared to rearrange their productions to the products that are needed. Danish enterprises most certainly display such flexibility today, but we have to bear in mind constantly that if we are unable to deliver the goods requested, there are others who are anxiously waiting to take over."

Large Trade Deficit

Copenhagen BERLINGSKE TIDENDE in Danish 23 Dec 85 Sect III p 7

[Article by Michael Kuttner]

[Text] Only two East Bloc countries import more from Denmark than they export. The Danish government, among others, is making great efforts to remedy this situation.

It is not Eastern Europe that is the most active to help remedy the constantly troubling Danish trade deficit. Only two state trading countries, Albania and Bulgaria, purchase more from us than they sell, and the amounts involved are so small as to hardly make any difference to the troubles of the Danes.

According to the most recent figures of the Danish Department of Statistics for the period from January to September of 1985, all other countries showed surpluses in their foreign trade with Denmark. Both the Soviet Union (2.2 billion kroner as against 903 million kroner) and the German Democratic Republic (1.3 billion kroner as against nearly 289 million kroner) showed extremely large trade surpluses in their trade with Denmark.

There are several reasons. For one thing, most of our imports--certainly from those two countries--consist of oil products, which we need for our domestic industries. For the other, the state trading countries have a chronic need of hard currency, as a result of which they often insist on counterpurchases when placing their orders for imports from the West, and this is a form of trade that Denmark is not enthusiastic about.

Demand to Grow

In general, exports of Western goods to East European markets, including the Soviet Union, have increased slightly this year, while the exports from the East Bloc in the opposite direction have declined. And it appears from a report of the ECE, the United Nations Economic Committee on Europe, covering all European countries as well as the Soviet Union, the United States and Canada, that only a very moderate increase in the East-West trade is expected for 1986.

The report points out, however, that industrial modernization and a possibly higher growth rate within the East Bloc will probably result in an increase in the need for imports up to 1990. At the same time, Western observers report that Eastern Europe is in the process of solving its hard-currency debt burden problem. Western banks are again prepared to lend money to East Bloc countries, and their lending to these countries--except for Poland--has, indeed, increased considerably in 1985. Such credits will probably soon reach their highest

levels since the seventies. It is especially countries such as Hungary, the Soviet Union and the German Democratic Republic that are borrowing money from the West.

The Danish government is exerting strong pressure to have our trade deficit eliminated. The Prime Minister recently paid a visit to Prague, the Minister of Industry to Moscow and Brno and the Minister of Environment to East Berlin. Czechoslovakia has officially promised to increase its purchases in Denmark. Also within the German Democratic Republic there seems to be a willingness to work toward, if not complete equilibrium, at least a more reasonable trade balance than hitherto.

Next spring, Danish Technical Days will be held in the Soviet Union and Czechoslovakia, and the Ministry of Foreign Affairs plans a meeting in Vienna for all of the commercial counsellors--perhaps also ambassadors--from our representations in the East Bloc countries. The meetings will include exchanges of experiences and, no doubt, also discussions with a view to achieving a certain amount of coordination of the diplomatic efforts.

Environment and Energy

Denmark's exports to the state trading countries consist largely of foodstuffs, machinery and chemical products. Major efforts will also be made from the Danish side within the areas of the environment and energy, in which areas we have had good experience due to our strict laws.

East-West trade experts in Vienna, however, tell BERLINGSKE TIDENDE that Denmark should not have too high expectations within the area of environment exports. On account of the political system, there is literally no pressure from the public. Unlike the situation in the West, there is no 'green wave' in the East Bloc countries, and, for this reason, technology for improvement of the environment is given very low priority--even if, for example, the ruthless exploitation of forests in the German Democratic Republic and Czechoslovakia is at least as serious as that taking place within West Germany.

Energy saving measures, on the other hand, are far more popular. Several East Bloc countries are even prepared to pay in hard currency, when it comes to equipment that will reduce energy waste within the industrial sectors manufacturing products for export to the West.

Poland and Albania

Finally, there are border areas which may be worth looking into. Poland, for example, is still in economic difficulties, from which it will take it decades to extricate itself. This nearby market, however, has started again to purchase necessary machinery, spare parts and foodstuffs--admittedly, to a modest degree, but payments are often made in cash in Western currencies to avoid any further strains on the country's creditworthiness. Denmark's export to Poland did, indeed, amount to 771 million kroner during the first 9 months of 1985, as against 427 million kroner during the same period of 1984. (The imports, mainly consisting of coal, remained fairly constant, at 1.3 billion kroner.)

In the entire periphery is Albania, Europe's most closed country, to which Denmark, last year, exported goods worth 6.8 million kroner as against an import of only 876,000 kroner. Here, Western observers expect the death last summer of Enver Hoxha, the Stalinist leader for many years, to lead to a cautious opening, also as far as trade is concerned, toward the West.

International Trade

Albania has a relatively sound economy and will hardly want to become too heavily indebted to capitalist countries. "However, 12 years ago, I started familiarizing the Albanians with the system of counterpurchases," a counter purchase experts in Vienna says. "It has taken more than a decade, but there are now signs that they are ready." During the first 8 months of 1985 alone, Austria exported for 50 million kroner to Albania--an increase of 67.5 percent over the same period of last year.

Soviets Interested in Technology

Copenhagen BERLINGSKE TIDENDE in Danish 23 Dec 85 Sect III p 7

[Article by 'Elle': "Close Contact to the Soviet Union via Technical Fair"]

[Text] Together with the Danish Embassy in Moscow, the Federation of Danish Industries and the Ministry of Foreign Affairs are arranging a technical fair to take place in the Soviet Union in May of 1986. The fair will provide a good opportunity to get in close contact with leading Soviet officials.

The hitherto largest and most important event concerning the possibilities of the Danish trades and industries in the Soviet market will take place during the period of 12-16 May 1986, when the Federation of Danish Industries, in cooperation with the Ministry of Foreign Affairs and the Danish Embassy in Moscow will arrange a technical fair in Moscow and, concurrently with it, a symposium.

The fair, which has been entitled "Danish Technical Days," is a repetition of a corresponding exhibition a couple of years ago, but, with the participation of 55 Danish firms, the event will be the hitherto largest export drive in the Soviet Union.

"Previous events of this nature have given good results, and there is every indication that the fair to be held in May will become exciting. Several of the firms have participated in the fair previously, but there are quite a few newcomers," says the coordinator of the project, Niels Netterstrøm, department chief, of the Federation of Danish Industries.

"The Danish Technical Days will be a good help to us in our efforts to get into the Soviet market, as it provides an opportunity for the Danish firms to talk to people at the fair with whom it normally is difficult to get into contact. The Danish Technical Days will be arranged in cooperation with GKNT, the Russian State Committee for Science and Technology, which has contacts to the

right ministers and leading officials. The event will thus carry the stamp of an official or semiofficial export drive, which will give it the most impetus."

In connection with the fair, a symposium will be arranged *pari passu* with it, where the Danish firms may provide the invited Russian guests with information on their products and thus attract the attention to them.

Foreign Ministry Advises

Copenhagen BERLINGSKE TIDENDE in Danish 23 Dec 85 Sect III p 8

[Article by Henrik Skov]

[Text] Denmark is still exporting very little to the so-called state trading countries, even if 1985 so far has surprised the country with large increases in our exports. For example, we export more to 230,000 Icelanders than we do to 1.1 billion Chinese. A change, however, is vaguely visible on the horizon, and the Ministry of Foreign Affairs points out that the Danish agricultural industry, in particular, may contribute to increasing Danish exports.

Denmark's trade with the so-called state trading countries has been very good this year. The export during the 10 first months of the year increased by well over 23 percent, while the import actually dropped by 1.6 percent. This is a very surprising reversal in view of the fact that, during the last 3 years, Danish imports have increased at a considerably faster rate than the exports to those countries. However, it does, indeed, take an enormous increase in the exports to stem the rapidly growing deficit of the Danish trade with the East Bloc countries.

Until October of this year, the trade deficit with the state trading countries amounted to well over 4.1 billion kroner. The situation was no better during the preceding years. The trade deficit in 1984 amounted to 5.7 billion kroner, and 1983 saw a trade deficit of 4.1 billion kroner. These are big figures, and it is only this year that there have been positive signs of a reversal of the situation.

Bent Haakonsen, head of the trade department of the Ministry of Foreign Affairs, takes an optimistic view of the future for Danish exports to these markets.

"There are good possibilities for Danish exports, and I want especially to stress areas such as the agricultural industry in the broadest sense and modern technology in all of its ramifications. In these areas, we have clear indications in the said markets that Danish exports may be expanded considerably," Bent Haakonsen says.

International Trade

A Mixed Group

The countries included in the group of state trading countries differ greatly from one another. They are, on the one hand, the large countries with rich raw material resources--the Soviet Union with oil, gas, coal, gold and diamonds and China with coal, oil and many other raw materials, and, on the other hand, there are the fairly small East European countries which are dependent, first and foremost, on the Soviet Union for raw materials and energy. Raw materials of the types referred to above mean possibilities of earning convertible foreign currency by way of export, which, for example, gives possibilities of financing imports from Denmark.

Even if it is a question of large and unpleasant deficits in our trade with these countries, it is a question of small numbers in the total export/import picture. Our export to the state trading countries amounted to well over 2 percent of the total Danish export in 1984, and the import accounted for nearly 6 percent of the total Danish import.

By comparison, the EC's export to Eastern Europe and the Soviet Union constitutes 6.1 percent of the total export, and, in actual practice, it has also appeared that other EC countries, especially West Germany and France, are far more aggressive in their sales efforts and are working the market more regularly and frequently than Danish enterprises.

Not Easy to Get a Foothold

The Ministry of Foreign Affairs does not intend to induce Danish enterprises to believe that it is easy to export to the state trading countries.

"It has never been easy securing a foothold in the markets of the state trading countries, and, unfortunately, I do not believe that, in general, it will be easier in the future," Bent Haakonsen, head of the trade department of the Ministry of Foreign Affairs, tells BERLINGSKE TIDENDE.

Denmark has quite clearly noticed the general trend in the East-West trade, which is a result of the efforts on the part of the East European countries to get out of their debt difficulties. They seek to increase their export, while their import is limited as much as possible. One of the countries most conspicuous in this context is the German Democratic Republic. With a view to being able to meet outstanding liabilities, the German Democratic Republic has been pursuing an extremely restrictive import policy throughout the first half of the eighties.

This is most clearly reflected in Denmark's trade balance with East Germany. In 1984, the deficit on our trade with East Germany amounted to as much as 1.5 billion kroner, and, in the course of the first 10 months of this year, the deficit has reached well over 1.1 billion kroner. The import was moderate and amounted to 1.5 billion kroner, and the export was lagging far behind, the total export amounting to only 300 million kroner.

According to Bent Haakonsen, this is an entirely untenable situation. "It is a too skew development in such a modest trade, and it is a development which we cannot accept on the long view. The Ministry of Foreign Affairs has, indeed, on several occasions drawn the attention of the German Democratic Republic to this skewness, so we hope that things will soon start moving," Bent Haakonsen states.

Counterpurchases

Another problem is that Danish enterprises are often confronted with demands for counterpurchases in order for the trade to take place. "Counterpurchases naturally pose a problem, but I have gradually come to believe that the more than 300 Danish enterprises trading with these countries have gradually come to put up with this state of affairs. We naturally endeavor to achieve free trade, but if that is not possible, we have to see to it that the inconveniences are minimized," Bent Haakonsen points out, adding that consultations in this area have improved considerably of recent years.

The Federation of Danish Industries and the Commercial Bank have actually set up counterpurchase offices where enterprises may get advice and suggestions. The Ministry of Foreign Affairs also makes extensive efforts in this area. The second office of the trade department deals exclusively with the state trading countries.

In this context, Bent Haakonsen stresses the importance of Denmark showing the flag in the various markets.

"In addition to the assistance granted by our embassies in the state trading countries, we spend a good deal of resources on meetings in the mixed commissions, which are necessary from a political as well as a commercial point of view. In addition to visits by ministers, the mixed commissions are our most important direct means of contact with the authorities of these countries in the economic area, seeing that our trade policy is being safeguarded by the EC," Bent Haakonsen says.

Soviets Willing to Buy More

Copenhagen BERLINGSKE TIDENDE in Danish 23 Dec 85 Sect III p 8

[Commentary by Preben L. Hoffmann, the Federation of Danish Industries: "Modernize or Die"]

[Text] The Soviet Union is in the process of modernizing its production, and the country is compelled to import goods from the West. The Federation of Danish Industries has started a campaign intended to induce more Danish exporters to take an interest in the Soviet market. So far, 92 enterprises have come forward, and the Federation of Danish Industries expects a considerable improvement in our export in 1986. Our total export to the East Bloc countries should preferably increase by 500 million kroner in 1986.

Party chief Gorbachev's modernization program aims at doubling the industrial production in the course of the next 15 years. In order for the industrial production to be doubled, an annual growth rate of 4-4.5 percent each year will be necessary. During the last decade, the growth rate, however, has only amounted to approximately 2.5 percent.

The objective may alone be achieved by way of a radical reorganization of the industrial sector, and many people doubt its feasibility, but, as one West German observer put it: "They have to modernize or they will die." There is no alternative to modernization in order for industry, as desired by Gorbachev, to keep up with the West.

The reorganization is to be effected by way of an increase in productivity. The products have to become better. Waste is to be reduced, and the super centralized and ineffective planning system is to become streamlined.

A first step has been combining ministries and organizations within the agricultural sector into one new state-run agricultural industry committee, the Gosaprogrom.

In order for the modernization to take place at the desired rate, the Soviet Union will have to import more equipment from the West, and, in this context, new possibilities will be opened for Danish exporters of capital equipment. The Russians are planning fewer prestige projects and want to concentrate more on their light industry.

Gorbachev wants to spend more money on equipment. Today, 40 percent of the investments are spent on equipment and 60 percent on building construction, whereas equipment in the West accounts for 65 percent of the investments. He also wants to distribute new equipment to existing enterprises and, not as now, merely to new enterprises.

This quite new orientation will benefit Danish exporters because it is easier for us to deliver the things which will now be needed.

The Russians naturally want equipment which may improve the quality of their industrial production both of consumer goods and components for other sectors, and we intend to make an effort to get a foothold here. So far, however, we have had most success in our initial efforts within the agricultural sector, and we have to exploit this opportunity.

East Bloc Paradox

It has been our earlier experience that when things go badly within the East Bloc, there is an increase in the export from the West of machinery and equipment. This East Bloc paradox has, for example, been confirmed in the case of Poland, where the Danish export of machinery and equipment has risen sharply in 1985.

Several of the East Bloc countries find themselves in this situation. The new 5-year plans, not only in the Soviet Union but also in the other East Bloc countries, are expected to be based on imported technology for modernization of the industrial sectors. This opens up new perspectives for Danish export.

Initial Export Campaign

Another reason for making a greater effort within the East Bloc is our trade deficit.

In 1984, our purchases from the Soviet Union amounted to 3.4 billion kroner and our sales amounted to 1.2 billion kroner. The Russians, however, have stated their willingness to reduce the deficit by purchasing more from Denmark. We have thus got 2.2 billion kroner worth of exports to be caught up with.

The Federation of Danish Industries is working on an initial Soviet export campaign. Its purpose is to introduce more enterprises into the Soviet market. The enterprises which today are selling goods to the Soviet Union cannot, in general, expand their export to the extent needed to eliminate the Danish trade deficit with the Soviet Union.

So far, 92 new exporters have shown their interest. In cooperation with the Danish Embassy in Moscow, the Federation of Danish Industries will now discuss with the Russians which of the enterprises concerned will be in a position to deliver some of the things they need. When the result of these discussions is available, the Federation of Danish Industries will acquaint the enterprises concerned with the principles of trade with the East Bloc countries and uncover pitfalls, which is important to avoid problems, Preben Hoffmann points out.

In the third phase, the Federation of Danish Industries will take the various enterprises to Moscow for direct discussions with the Russians of the possibilities of cooperation.

Our aim is for these new activities to contribute to increasing our export by 2-300 million kroner in the course of 1986. The total export in 1986 should preferably be close to 2 billion kroner as against the approximately 1.5 billion kroner expected by the end of 1985 in a week's time.

GDR Trade Problems Outlined

Copenhagen BERLINGSKE TIDENDE in Danish 23 Dec 85 Sect III p 10

[Article by Michael Kuttner]

[Text] It is a question of profits for both sides, it is said in East Berlin, which would like to help to bring equilibrium to the trade balance between Denmark and the German Democratic Republic.

East Berlin

The building located at 42-44 Unter den Linden, the most prestigious street of the capital of the German Democratic Republic, where tourists from the West are shown the blessings of socialism, may be referred to as the profit center of the East Germans. Its correct name, however, is the Ministry of Foreign Trade, and correctness is a virtue in the German Democratic Republic--even more so than in the Federal Republic, the other Germany.

Here, the strategy is decided upon for the trade of the German Democratic Republic with foreign countries. It is friendly, but also shrewd people who, in an entirely western fashion, are buying and selling--willingly, for the benefit of their Treasury, which is hungering for the hard currency of the West.

"It is a question of profits, both to you and to us," a spokesman for the ministry admits to BERLINGSKE TIDENDE.

Belgian Intermediary

In the trade with Denmark, it is the German Democratic Republic that gets the largest total profit. Last year, the East Germans exported for 1.8 billion kroner but purchased for close to 339 million kroner from us.

Denmark has exerted great pressure to achieve a better balance--and following several mutual ministerial visits and thorough legwork on the part of Danish enterprises and the Danish Embassy in East Berlin, the authorities of the German Democratic Republic have come to realize that something will have to be done.

The spokesman of the Foreign Trade Ministry of the German Democratic Republic states, "However, more than two-thirds of our total export to Denmark consist of mineral oil products which we do not at all sell to you but to a Belgian intermediary. From there, the products pass on, to a large extent, to Denmark. Things like that are difficult to control, and the only reason why we have success with our goods is probably that we are competitive. The Danes, no doubt, do not mind that."

More Flexible

"On the other hand, we are entirely prepared to increase our purchases in Denmark--not least because you have much to offer. I have especially in mind your engineering industry, but there are also great possibilities within, for example, the area of fishmeal. So far, we have been committed to purchasing fishmeal from Peru. It is true that it had a lower content of protein and, therefore, was not as good as Danish fishmeal, but our machinery was designed for Peruvian fishmeal. We are now more flexible."

Niro Atomizer

"We shall like to use the Danish shipyards for the repairs of our ships. However, eleven out of twelve of our inquiries are rejected. That is unsatisfactory for either party."

So far, Denmark has not been in a position to manifest itself in connection with large construction projects in the German Democratic Republic. Hotel construction projects, for example, have largely been given to Swedish and Japanese companies. "We should like to include Denmark as well," the spokesman says. "It is, however, a condition for awarding contracts to Denmark that Danish bids will be able to hold their own in the competition. Nobody will, of course, be willing to purchase at a higher price than necessary."

"Danish firms, moreover, will have to be slightly more alert. Often, we have to pressure Danish firms to submit their bids," the spokesman says.

Several East German officials point to Niro Atomizer as "one of the serious Danish enterprises with which we should like to do business." Niro Atomizer has been discussed in connection with a large-scale program for desulphurization of lignite--the German Democratic Republic is one of the largest lignite producers of the world, which causes enormous environmental problems, which they are now seeking to solve.

"We are quite familiar with Niro Atomizer," several high-ranking East Germans state. In Berlin alone, they have delivered three plants. They function well, are competitive, as far as prices are concerned, and are backed up by a good service organization.

Conservatism

Danish commercial sources point out to BERLINGSKE TIDENDE that the East Germans are marked by a certain amount of conservatism when it comes to making purchases abroad. "There are certain advantages to it--they are, for example, extremely loyal once one has gained their confidence. However, new, rather unknown enterprises may have difficulty getting into the market. East German government officials are afraid to make mistakes. They choose the well-known, the safe firms."

International Trade

On the other hand, the East Germans are 100 percent reliable. "An agreement is an agreement, and payment is made exactly as laid down in the contract. It is German thoroughness at its best."

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CSO: 3613/41

ECONOMIC

DENMARK

OECD REPORT REINFORCES FORECASTS OF CONTINUING 'MIRACLE'

GNP Growth 3.5 Percent

Copenhagen BERLINGSKE TIDENDE in Danish 20 Dec 85 Sec III p 4

[Article by Kermit Norlund; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Brussels--The economic miracle is continuing but the OECD economists predict a dramatic deterioration in the balance of payments. In 6 months the OECD experts doubled their estimate of the 1986 deficit.

The small economic miracle in Denmark is continuing. There will be record growth in 1986, the inflation rate will be the lowest in more than 20 years and unemployment will decline in 1986, say the OECD economic experts in their latest economic survey. But the OECD experts have radically changed their view of the Danish balance of payments deficit. In just 6 months the international organization has doubled its estimate of the 1986 deficit from around 10 billion kroner to 20 billion kroner.

According to the new report, Denmark, Australia and Japan will have the most growth in 1986 in the industrialized part of the world. Denmark and Japan will have an economic growth rate of 3.5 percent while Australia will have a rate of more than 4 percent. The Danish growth rate is higher than that predicted for countries like the United States and West Germany and it is more than 1 percentage point higher than the average for OECD countries in Europe.

Unemployment

The decline in unemployment in Denmark over the past several years will probably continue, according to the report. Next year it will decline by another 10,000 from the 1985 level, which will put it at 240,000, corresponding to a rate of 8 3/4 percent, according to the report.

However the OECD report was prepared before the "Christmas intervention" and the drop in unemployment could be "swallowed up" as a result of the economic adjustment.

The general tendency in employment in Europe and in the OECD countries as a whole indicates a stabilization of the unemployment ratio resulting in a slight increase in the number of people unemployed. But there are major exceptions, such as the United States, West Germany and Great Britain.

Consumer prices will rise by 2 3/4 percent next year, a decline of almost 2 percent compared to this year. Thus inflation will be below the OECD average of 4.5 percent and far below the European average of 6 1/4 percent. Denmark has not had such a low increase in consumer prices for several decades. But the Danish inflation rate will be higher than rates in countries like West Germany and Japan with 1 1/4 and 1.5 percent respectively.

Wage Trends

Wage trends in Denmark are expected to decline 0.5 percent from 4 1/4 percent in 1985 to 3 3/4 percent in 1986. That bodes well for our competitiveness, because countries like Great Britain, Japan, Sweden and France will have higher wage increases while we will be in line with countries like West Germany and the United States.

The OECD average will be 4.5 percent in 1986 while the European average will be around 5 3/4 percent. But the OECD experts warned Denmark that there could be bigger wage increases in some parts of the labor market as a result of a shortage of qualified workers.

Balance of Payments the Dark Spot

But the balance of payments is the dark spot on the horizon, according to the economists in Paris.

A 1986 deficit of 20 billion kroner or \$2.25 billion is predicted. But BERLINGSKE TIDENDE was told that the decline in the dollar and decreasing oil prices will reduce the deficit by a good 2 billion kroner for a 1986 level of 18 billion.

OECD anticipates a 1985 deficit of at least 18 billion kroner which is almost twice as much as the May OECD forecast.

As mentioned above the effects of the economic intervention were not included in the semiannual forecast, but along with the declining dollar and lower oil prices the changes involve an improvement in real wages and an absorption of extra buying power. Therefore it is thought that the result could be exactly the same as the current figure.

The section on Denmark says that economic activity increased dramatically during the second half of 1985 after a temporary slump due to labor conflicts and a weaker international demand than anticipated. It points out that business investments have again increased substantially and that housing construction is picking up once more.

With private consumption still rising at a rate of around 2.5 percent, total imports have risen sharply while exports were adversely affected by the strikes this spring, according to OECD. It is against this background that market shares were lost in 1985 and the impact of real net exports on growth is expected to be negative for 1985. But there is a chance that the impact will be positive in 1986, with exports exceeding imports.

A slight moderation in imports in 1986 will depend primarily on increased competitiveness in the sector that competes with imported products.

The budget deficit is expected to decline even more in 1986 while the Danish interest rate level will continue to drop slightly in line with the international decline in interest rates.

Conforms With Danish Forecasts

Copenhagen BERLINGSKE TIDENDE in Danish 20 Dec 85 Sec III p 4

[Article by Hugo Garden and Olav Hergel; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] OECD is predicting a higher balance of payments deficit than Danish economists anticipate. An economist associated with the Labor Movement's Economic Advisory Council called the report a sober one.

The OECD report is generally in line with views expressed by Danish economists recently. But economists note that the OECD prepared its report before the Christmas intervention so that some estimates must be adjusted.

There are a number of clear improvements in the Danish economy but some massive problems remain, such as the balance of payments and unemployment. Finance Ministry economists say the estimated growth rate of 3.5 percent for next year must be reduced slightly. The government estimate is 3 percent. Before the intervention the Council of Economic Advisers predicted a growth rate of 3.4 percent.

With regard to the balance of payments, unemployment, wage costs and inflation, the OECD report is in general agreement with the estimates of the Council of Economic Advisers when the Christmas intervention is taken into account, according to one of the economic advisers, Professor Ebbe Yndgaard of Aarhus University.

He stressed two things, investments and exports. The economic advisers issued a lower growth forecast for business investments next year, 6.4 percent, than other economists, including those working for the government. OECD would not release this figure but sources say that its estimate was somewhat higher. OECD predicts that total investments, both private and public, will increase by 9 percent.

The economic advisers predicted that exports would rise by 3.5 percent--before and after the intervention--while OECD is predicting 4.5 percent and

the government estimate is 5 3/4 percent. The economic advisers estimate that imports will rise by 3.7 percent compared to the OECD forecast of 5 3/4 percent and the government prediction of 4.5 percent.

"There is a disagreement here. But because our levels for both exports and imports are lower this is also part of the reason why OECD sets the balance of payments deficit several billion kroner higher than we do," said Yndgaard.

The Labor Movement's Economic Advisory Council said that the OECD estimate of the balance of payments deficit is too high when it predicts a deficit of around 20 billion kroner in 1986. The Industrial Council's estimate is around 15 billion, the economic advisers put it at 14-15 billion and the government estimate is 16 billion kroner.

There are three reasons for the discrepancy. In the first place OECD anticipates a somewhat higher exchange rate for the dollar next year than Danish economists expect. In the second place the OECD calculations were made before the Christmas intervention and thirdly, OECD still expects Denmark to experience a sharp increase in private investments, which would result in a larger deficit in the balance of payments.

"We think the Christmas intervention will have an impact of 2-3 billion kroner in 1986, so we do not believe private investments will go that high. This level has been quite high for several years and it will level off, while energy investments will decline," said Industrial Council office chief Verner Puggaard. The Industrial Council is in general agreement with OECD with regard to the other items in the report.

An economist with the Labor Movement's Economic Advisory Council, Carsten Koch, was surprised by the high figure for the balance of payments deficit, but otherwise he found the report very realistic.

"It is sober and does not spend as much time patting the government on the back as earlier reports did," said Carsten Koch.

Prime Minister Comments

Copenhagen BERLINGSKE TIDENDE in Danish 20 Dec 85 Sec III p 5

[Article by Ole Dall; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] "All in all I think the OECD report gave Denmark very high marks," said Prime Minister Poul Schluter (Conservative). Svend Auken (Social Democrat) said the OECD economists are too optimistic and called the balance of payments the "big joker."

"I have noted that in several places in the general section Denmark is cited as an example of how to reverse an unfortunate economic trend. In contrast to a number of other OECD countries we have managed to cut unemployment substantially and reduce the deficit in the public sector. All in all I think the OECD report gave Denmark very high marks."

These were the comments made by Prime Minister Poul Schluter (Conservative) on the latest OECD report's description of the economic situation in Denmark.

The prime minister also had this to say about the report:

"OECD's assessment of the economic situation in Denmark and developments in 1986 was made before the adjustments in economic policy were made in connection with the 1986 budget. If we also take into account the fact that OECD based its calculations on a dollar exchange rate of 9.46 in 1986--while the government economists estimate that it will be 9.25--the OECD estimate is very close to the government's own forecast."

Balance of Payments the Joker

It is no surprise that Social Democratic political spokesman Svend Auken has a different view of the matter:

"It is still a little too early to say how the government's intervention will affect the prospects for the Danish economy. My immediate reaction is that the OECD economists are a little too optimistic in their view of consumer prices and unemployment. The Council of Economic Advisers predicts rising unemployment next year," said Svend Auken, who added:

"Of course the balance of payments is the big joker. The Christmas intervention and the declining exchange rate of the dollar will have a positive impact on the balance of payments. But there are other factors working in the opposite direction. As a result of declining sales we can expect a substantially poorer 'shipping balance' next year--and consumption is increasing sharply. I think we will have a deficit of around 20 billion kroner next year and then the government will have to intervene again, unfortunately."

Svend Auken said of the impressive OECD figures for growth in Denmark:

"The growth rate looks good if we can afford it. It is a good thing that consumption and production are rising sharply in Denmark. The question is whether there is an economic basis for it. That is what I have doubts about."

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ECONOMIC

ICELAND

TALKS ON STEEL PLANT COOPERATION WITH USSR FAIL

Soviet Trade Official Visits

Reykjavik MORGUNBLADID in Icelandic 30 Oct 85 p 2

[Excerpts] According to MORGUNBLADID's sources, plans for the Stalfelagid Steel Plant have changed considerably since the Soviets have come into the picture. This is because the Soviets have shown themselves ready to agree to purchase production of the steel plant above domestic needs. Thus discussion now involves building a 100,000-150,000-ton steel plant and soliciting a total of 500 million kronur of capital.

Boris Umanskiy, Soviet trade representative in Iceland, said that it could not be said at this stage what Soviet participation in the steel products plant would entail. It will emerge in a meeting tomorrow what Stalfelagid, Inc. thinks about the prospect of a connection with Moscow. Persons attending the meeting will report on what will take place there tomorrow. Umanskiy said, however, that he thought that the Soviet Union was interested in investing in the company since such a company could prove very profitable. "We think that it makes sense to build such a plant in Iceland, especially in view of the fact that Iceland has a great surplus of energy," said Umanskiy.

Umanskiy said that Soviet experience in steel production could be of use to Iceland, although the Soviet experience has only been with much larger plants than that proposed. But he felt that the 100,000-150,000-ton size planned was correct. Asked whether or not the Soviets had proposals to offer concerning other investment in Iceland, Umanskiy said: "That may well be the case--why not? We might, for example, have interest in selling equipment to Burfell Inc, if the decision is made to expand the Burfell plant."

Paper Opposes Plan

Reykjavik MORGUNBLADID in Icelandic 31 Oct 30 p 30

[Editorial: "The Soviets and Stalfelagid Inc"]

[Text] A meeting will be held today in the Icelandic Ministry of Industry. Participating will be representatives of the ministry, of the Soviet Ambassador to Iceland, of Stalfelagid Inc and presumably of Brimness Inc. The

meeting will discuss the Soviet proposal to invest in Stalfelagid, a proposal that may have been presented through the agency of Brimness Inc. The business is an amazing one and still more remarkable is the fact that things should have come to the stage of formal discussions through the Icelandic Government.

Clearly not under discussion is the fact that the Soviets are getting involved in Icelandic business activities. The reasons for this are clear. The Soviets have tried for decades to increase their influence in Iceland. They have the largest foreign embassy in Iceland. They operate special propaganda offices in Iceland in the form of institutions that are recognized throughout the entire world as spy agencies. They have made repeated attempts to get control of Icelandic mass media and sometimes they have been reasonably successful in their aspirations. In recent years the Soviets have laid particular emphasis on playing a role in Icelandic industrial development through offering mechanized equipment to new Icelandic industries at low cost and have on occasion tried to introduce a large number of technical advisors into Iceland to install the equipment, although nothing has resulted. The Soviets have, however, achieved a firm hold over most areas of petroleum sales to Iceland, something that should never have occurred. There are thus very few areas in which the Soviets have not attempted to achieve influence in Iceland. Now they are casting their glance at a company that is having difficulty and seem to see an opportunity to gain a foothold in the Icelandic economy thereby.

No one should think that commercial considerations determine the Soviet position in this matter. It is clear that they see a chance to offer capital to Stalfelagid Inc, even purchase its output, as a means of creating a new position of influence in Iceland. The Soviet view is certainly that if they are successful in this area it may lead to increased Soviet influence upon the Icelandic economy. As a result of their investment, the Soviets could request that certain Soviet citizens should work with the company and then, gradually, they would increase their interference and influence.

It may well occur to some people that there is nothing unnatural about allowing the Soviets into an Icelandic company any more than allowing in the People's Republic of China, discussed as a partner in the Swiss Aluminum Company in Straumvik when the plant was enlarged. But there is a fundamental difference in this case. First of all, the People's Republic of China would be a participant in aluminum production in cooperation with the Swiss Aluminum Company, which is a very large international company and one which we have had good experience with. The Soviets, on the other hand, would be cooperating partners with a very weak Icelandic company, one lacking the power to build the steel plant itself, not to mention other expenditures. Secondly it is a fact, that the Chinese People's Republic did not make its offer to achieve influence in Iceland, even though the Chinese have offered fairly good financial safeguards. The Soviets, on the other hand, have tried for decades to achieve influence in Iceland, as noted above. We enjoy no financial safeguards against them. On the contrary, we must be very careful in the presence of the Soviet military since both Soviet aircraft and warships are present near Iceland. For this reason the proposal on the participation of the Chinese in the Icelandic Aluminum Company and the attempt of the Soviets to gain a foothold in the Icelandic economy are totally different. But the Chinese proposal will have to be decided on its own merits and we make no

statement here as to whether or not the Chinese proposal meets the needs of Iceland or not.

We must realize that the Soviet Union is a centrally controlled world power. There exist no companies in the Soviet Union except those under government control to some degree or the other. For this reason the discussion in this case centers about whether or not the Soviet Government should be a shareholder in an Icelandic company. No one is discussing this side of the issue. Who would suggest that the United States become involved in the Icelandic economy? No one would suggest such a thing. American companies, on the other hand, are something else entirely.

It is not sufficient simply to reject the Soviet offer for participation in Stalfelagid Inc. There need be careful consideration of the reasons why the offer was made. It must be discovered whether or not the initiative of those, even Icelandic companies, that have had some association with the Soviets has been used as an intermediating link in this connection. This must be found out since it could cast light on the actions of the Soviet Union in Iceland. There is concern widely in the West about the activities of companies established by the Soviets. Their effort to gain entry into Stalfelagid could be of the same sort. It should be determined clearly whether this is the case or not.

Participation of the Soviet Union in Stalfelagid is contrary to Icelandic interests. The management of Stalfelagid must certainly realize this. They have long struggled to get their company on its feet with uneven support from the public and officials. The reactions of the public to the company, however, will not improve if the company's management go so far in their attempts to put the company on an even keel that they open a path for the Soviet Union to gain a foothold in the Icelandic economy. For this reason MORGUNBLADID hopes that the meeting in the Icelandic Ministry of Industry today will be the first and the last. It is a meeting that should never have been held in the first place.

Minister Attacks Paper

Reykjavik MORGUNBLADID in Icelandic 1 Nov 85 p 9

[Text] "It emerged at the meeting that there had been no discussions between the Soviet trade representative and Stalfelagid, Inc. on proposed cooperation of these parties in the building of a 100,000-150,000-ton steel plant in Iceland. No further discussions are planned," it is stated, among other things, in an Icelandic Ministry of Industry press release issued at the conclusion of a meeting of the Soviet trade representative, the management of Stalfelagid Inc and representatives of the Ministry of Industry and of Brimness Inc in the Ministry of Industry yesterday. "MORGUNBLADID should be hesitant about speculating wildly in this manner," said Icelandic Minister of Industry Albert Gudmundsson in an interview with MORGUNBLADID at the close of the meeting yesterday. He was referring to a MORGUNBLADID editorial of yesterday which comes out against cooperation with the Soviets in this area. The Icelandic Minister of Industry said that no further discussions between these parties were planned. Asked about what role was played in the discussions by Brimness Inc and Kristjan Agustsson--it was Brimness Inc which

initiated the discussions--the minister of industry said: "I have no idea, but I think it likely that Brimness is the agent for the Soviets in the area of trade."

Birgir Isleifur Gunnarsson, chairman of the [Althing] Heavy Industry Committee, said in an interview with MORGUNBLADID that he did not believe that there would be further discussions between these parties. He said that it had emerged from the presentation of the Soviets that they had no plans to become owners of such a plant, although they are prepared to sell Iceland vehicles, equipment and knowledge, if it is needed, and also that they could manage the sale of the excess products of such a plant.

It emerged from the presentation of the representatives of Stalfelagid Inc that the company does not feel that it is able to take on a project of this size since it is expected that the proposed plant might cost 2 billion kronur. They referred the continuance of the matter to the government.

Paper Sums Up

Reykjavik MORGUNBLADID in Icelandic 10 Nov 85 p 28

[Editorial: "Making a Quick Business of the Soviets"]

[Text] It was enjoyable to see how quickly Minister of Industry Albert Gudmundsson attended in recent days to Soviet proposals to gain a foothold in the Icelandic economy. It was clear immediately after the discussions at the Ministry of Industry that this would be the first and last meeting on the subject. That is wonderful. It was important for the Soviets to realize that there was no hesitation on the part of the Icelandic government, no inclination to pursue the matter. It is likewise clear that Stalfelagid did not initiate the discussion with the Soviets. Contrary to what was reported in MORGUNBLADID, they knew in advance only that foreign parties were interested in cooperation with them, without knowing who the foreign parties were. The secrecy involved tells its tale about the real intentions of the Soviets in this astonishing and clumsy attempt by them to gain a foothold in the Icelandic economy.

The fact, however, still remains that they tried. And the way in which they tried raises certain concerns. They used an Icelandic company which had had connections with the Soviet Union to serve as intermediary for discussions between Soviet representatives and Stalfelagid. How did this happen? Why did the Soviets not turn directly to Stalfelagid or to the Ministry of Industry and indicate their interests in the company? Why did they need the intermediation of an Icelandic company which has never been as large as Stalfelagid? Have the Soviets made efforts to obtain the intermediation of other Icelandic companies in such connections?

These and other questions must necessarily arise due to the Soviet attempt to participate in a large company in the Icelandic economy. Soviet spokesmen in Iceland have often claimed that there is no reason to have suspicions about the Soviets in connection with their trade with Iceland and characterized those warning of too many trade connections with the Soviet Union as bigoted.

What do these individuals say now about the attempt by the Soviets to take part in the construction of a steel industry in Iceland?

It is certainly true that the Soviets use trade for political purposes. They want to sell Iceland all the oil they can in order to make Iceland dependent upon them for oil imports. Times have come in years past when it has been difficult for Iceland to purchase oil on the open market due to the fact that when there was oil shortage, suppliers thought first and foremost about their regular customers, whereas Iceland has been a regular customer of the Soviet Union for almost 40 years. It is also a fact that the Soviets had been interested in becoming involved in Icelandic industrial buildup in order to be able to send in a host of experts in connection with such projects that could be taken in hand in Iceland as a result. It is also a fact that the Soviets have been interested in beginning scheduled flights between Iceland and other countries, and that they have advanced such possibilities especially when times have been bad for Flugleidir [Iceland Air] to obtain a foothold in Icelandic transportation.

People in the Icelandic Ministry of Trade and in the fisheries products sales associations have been all too blind to these attempts by the Soviets and have taken offense to the warnings of MORGUNBLADID about what was behind them. The Stalfelagid affair, on the other hand, should convince such persons about what the plans of the Soviet Union are. To this extent the matter has been of use.

It is time for us to review our connections with the Soviet Union. First of all it is important to spread Icelandic oil purchases around better than has been the case in the past. Secondly, it has been a matter of concern whether or not it pays to sell the Soviets all the fish that we are now delivering. Thirdly, it is foolish to allow the Soviets to have all the freedom of action that they now have in Iceland while the hands of the Icelandic Ambassador to the Soviet Union are to a large degree bound. It is desirable for the Ministry of Foreign Affairs to take the matter under advisement during the next weeks and months.

The Icelandic Minister of Industry has shown that his former opposition to trading agreements with the Soviet Union, which resulted in the previous government losing his support and the support of other Independence Party MPs, was based upon objective grounds and that he has a clear concept of what was involved.

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ECONOMIC

NORWAY

OIL PRICE DECLINE PROVES VULNERABILITY OF ECONOMY

Oslo AFTENPOSTEN in Norwegian 16 Dec 85 p 15

[Article by Morten Woldsdal: "Norwegian Authorities Concerned: Great Uncertainty About Oil Revenues"]

[Text] The recent decline in oil prices emphasizes once more how vulnerable the Norwegian economy is to fluctuations in the oil market. Norwegian authorities are now beginning to be more and more concerned that they have been too optimistic in their forecasts for oil prices and dollar exchange rates in next year's national budget, according to what AFTENPOSTEN has learned. It may very well be that 1986 is the first year in a long time when the oil revenues are significantly lower than expected.

The price of Great Britain's Brent Blend oil--the reference oil in the North Sea--was \$30.85 per barrel as late as 25 November of this year. And most experts expect it to fall further. Nobody dares to say how much. But especially after this winter is over and the demand for oil has declined the experts fear a significant fall in the prices if oil production in the world is not reduced.

Worrisome

Everyone expects a decline in oil prices in the spring, but very few counted on the price reduction that the market has experienced during the past weeks. According to several observers it is especially worrisome that prices have fallen so much now--when it is cold around the world and there is a relatively high demand for oil. If the OPEC countries and the countries outside the organization continue to produce as much oil as today, anything can happen in the spring.

Developments over recent years have, however, shown that things do not necessarily go as the experts expect. Prices go up when least expected, and vice versa. That which is most certain in today's situation is that the future of the oil market is very uncertain. And that also creates great uncertainty around oil income which the government can count on receiving into the treasury in the next few years.

Taxes Payable

The oil companies pay taxes and fees to the Norwegian state twice a year. A decline in oil prices in the first half of next year will therefore first hit the state income in the second half of 1986 and the first half of 1987. These taxes and fees are accumulating with the oil companies in 1986. The government therefore uses the expression accumulated taxes and fees if the money that the oil companies really see is calculated for in one calendar year.

In the proposed balanced state budget for next year, the government calculates that the accumulated taxes and fees from oil activity will amount to 27.3 billion kroner. That is 20 billion less than the oil income for the year. The government expects that both the price of oil and the dollar rate will go down next year, so that the oil price in Norwegian kroner will be more than 20 percent below this year.

AFTENPOSTEN has learned that the government in the balanced budget has calculated on a price of \$25 per barrel in 1986, and a dollar rate of 7.25 kroner. In the original budget proposal the dollar rate was set at 7.50 kroner, but it was adjusted downward in connection with the balancing.

Can Be Optimistic

AFTENPOSTEN has learned that developments in both the oil and the currency markets are causing the authorities to be concerned. The budget assumptions which the government originally thought were realistic may turn out to be optimistic. Both the average oil price and the dollar rate for next year are expected to be below the assumptions of the authorities. In that case it will be the first year in a long time that Norwegian oil income is significantly lower than expected. In 1985, for example, the income from oil activity will be fully 15 billion kroner higher than the authorities estimated one year ago.

If the average oil price next year is \$24 per barrel--\$1 below the government assumption--the accumulated taxes and fees will be reduced by nearly 2 billion kroner. In that case Norwegian export income will decline by 2 billion. If next year's oil price should decline to \$20 per barrel, oil income could be reduced by 10 billion kroner, and export income by a similar amount.

If in addition the dollar rate should decline 50 ore below the 7.25 assumed by the government, the accumulated oil taxes will decline an additional 2.5 billion kroner while the export income will decline by 3.5 billion. Billions can therefore very quickly run out of the Norwegian treasury next year if oil prices and dollar rates continue to decline.

Higher Production

Such a fall in oil prices and the dollar rate can be compensated for by Norwegian oil and gas production being higher than estimated. The government

estimates that it will be 64.9 million tons of oil units next year. This figure can well turn out to be too low. A relatively great increase in production would be necessary, however, to fully compensate for a drop in oil price of \$1 per barrel. In that case oil production would have to be increased by about 2 million tons annually, which corresponds to 40,000 barrels of oil per day. And if, in addition, the dollar rate is lower than estimated, production would have to be increased even more.

In today's difficult oil market--with a surplus of oil--a Norwegian production increase such as that would contribute to even stronger pressure on prices. Which would cause Norway to lose even more.

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ECONOMIC

NORWAY

FINANCE MINISTER URGES BANKS ACT TO SLOW OVERHEATING ECONOMY

Stockholm DAGENS NYHETER in Swedish 27 Dec 85 p 11

[Article by Erik Magnusson: "Norway's Economy Getting Overheated--Record High Demand"]

[Text] Oslo. "Stop robbing banks and borrow the money instead. It is much simpler." Bank robbers recently got this advice from Finance Minister Rolf Presthus. With these words he wanted to indicate his dissatisfaction that borrowing, low unemployment and high wages have led to such a rapid increase in private consumption that the economy of newly-rich Norway is getting overheated.

Norwegians are buying as never before. Private consumption has increased by seven percent during 1985. Christmas buying broke all previous records. The question now is whether higher interest rates can put the brakes on Norwegians'endless willingness to buy.

Private consumption in Norway rose during 1985 to 234 billion kroner. That is a real growth of almost seven percent compared with 1984 and puts Norway in a class by itself in relation to Europe.

Tax Policy

Norwegians have plenty of money as a result of high employment and good wages. Norway is as near to full employment as it can get. The number of unemployed Norwegians is comparable to the number of Stockholmers without jobs.

But the galloping rate of consumption has also a third explanation, according to the social democratic opposition. The Labor Party believes that the government has been too generous in its tax policies and that it has been too easy to get loans. Banks in Oslo are still advertising in their windows that they will grant credits up to 35,000 kroner almost "in a minute."

Finance Minister Rolf Presthus does not deny the problem, and in the Storting he advised all Norway's bank robbers to cease their activities, as it would be easier to borrow the money.

Free Bank Interest

For several weeks Presthus has pressured the banks to reduce their lending rate. Bank interest rates are free in Norway and the government partly depends on voluntary interest increases by the banks.

After the New Year interest rates will rise when the government forces the banks to take up two new government obligations at higher interest. Critics believe, however, that private borrowing will hardly be checked by raising already high interest rates.

This is partly because the customers are not afraid of any shocking increase in interest rates because Norwegians can deduct all interest paid up to 18 percent in their tax returns. And partly because interest rate increases entice foreign capital to Norway, and the banks get still more money to lend.

Lowered Taxes

Norwegian bank interest rates are significantly higher than in the neighboring Nordic countries. Still Norwegians are not hesitating to use loans and credit to buy jewelry, furs, furniture and other capital goods. Automobile sales have broken records. Although the cost of passenger cars averages about 75 percent higher in Norway than in Sweden, 160,000 new new cars were registered this year. Volvo has increased its sales by 47 percent.

The boom in consumption and borrowing has led to the fear that Norway is about to demolish its good economy by accepting inferior goods for their assets. And considering that the government intends to reduce income taxes, conditions are right for private purchasing power to remain strong.

The uncontrolled increase in consumption is definite confirmation that Norway's export-oriented economy has not succeeded in adapting itself to the gloomy economic conditions in the rest of the world.

According to the latest semiannual report from OECD, domestic demand is going to have greater influence than increased exports on Norway's growth next year. OECD attributes that to "a less restrained economic policy," and predicts a continued expansive financial policy during 1986 which will result in increasing public expenditures and modest tax reductions.

Norwegian national economists disagree as to who is responsible for the economy getting overheated. The liberal Oslo newspaper DAGBLADET believes that many decisionmakers are responsible for Norway's economic train "going to the devil in first class."

"The government, because it refuses to revise its tax policies despite the wild increase in consumption. Members of labor groups, because income policy is out of control. Banks, because they do not observe credit limits. And finally the opposition, because they are blowing life into the embers beneath an overheated pot."

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ECONOMIC

PORTUGAL

INFLATION SLOWED IN 1984

Lisbon TEMPO in Portuguese 22-28 Nov 85 p 17

[Article by Ilidio Barreto]

[Text] It is almost certain that inflation will not go over the 16 percent mark at the end of the year (average from December to December), given the growth observed up to October. It will only require that prices not go up by more than 1.28 percent, on the average, in either of the last 2 months of the year. This goal is perfectly legitimate since the figure is at the level of the monthly average rate of inflation (1.24 percent per month) registered to date in 1985.

According to data published by the National Statistical Institute, prices rose 1.0 percent in October (in October of last year the figure was 0.9 percent). The growth in October was greater than in the 6 previous months, during which the monthly rate was always less than 0.8 percent. (See graph.)

Oddly enough, this year the Consumer Price Index (IPC), the indicator usually employed, did not decline in any month, contrary to past years (down 0.9 percent and 0.2 percent in May 1984 and May 1983, respectively).

The inflation has unquestionably decelerated, however. In the 12 months ending in October (i.e., from October 1984 to October 1985), the IPC rose only 16 percent (for the same period ending in October 1984, the IPC rose 26.8 percent). This rate for "the last 12 months" has been declining successively since February (which showed the highest rate, or 25.9 percent) and appears to be stabilizing now at about 16 percent, following the 15.9 percent in September and the 16.1 percent in August, as the graph shows.

For the annual inflation rate to fall to 16 percent at the end of the year, prices would have to go up [no more than] about 2.57 percent from 1 November to 31 December; in other words, an average monthly growth rate of 1.28 percent in November and December. If this monthly growth rate can be held to less than 0.85 percent, the December to December inflation rate (1985) could even be as low as 15 percent.

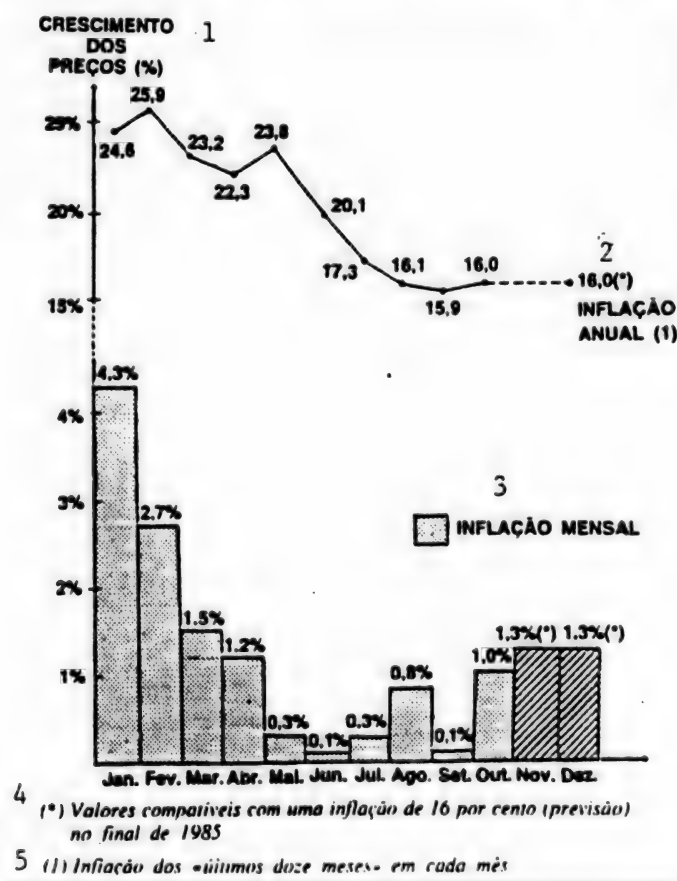
This rate would be perfectly possible if this were the goal of the government. However, the executive's commitments are for 1986 (a goal of 14 percent) and,

with this in mind, it is to the government's interest not to hold off on any price increases (namely on controlled items) until the beginning of next year, unlike what happened in December 1984.

The higher the rate in December 1985, the easier it will be to achieve the 14 percent goal for the following year.

By October, the general price level had risen 13.1 percent, as against 18.1 percent at the same time last year.

Graph: Development of Monthly and Annual Inflation in 1984 [sic]



Key:

1. Price Increases (%)
2. Annual inflation (1)
3. Monthly inflation
4. * Projection compatible with an inflation rate of 16 percent at the end of 1985.
5. (1) Inflation rate for "last 12 months" in each month.

ENERGY

NORWAY

POWER CONSUMPTION RUNNING AHEAD OF FORECAST

Oslo AFTENPOSTEN in Norwegian 16 Dec 85 p 56

[Article by Bjorn Olsen: "Power Consumption: Sharp Increase in 1985"]

[Text] Total power consumption in Norway rose by 4.2 percent in 1985. Consumption in power intensive industries declined somewhat, while general electricity consumption increased by 10 percent. Rolf G. Wiedswang, director of electric power stations believes that if this development continues we will reach the level calculated for 1990 as early as 1987.

"Total consumption in the kingdom this year will be 102.4 billion kilowatt hours. Power intensive industries had a reduction of 3.3 percent from last year. This branch experienced a jubilee business year in 1984, and now has put on the brakes.

"The power supply to households--the so-called general consumption--was almost 67 billion KWH. This has been a rather cold year, and 5 percent of the increase in general consumption was used to keep out the cold. Not considering the temperatures, we had a 5 percent increase in consumption."

Taking everything into consideration this is an increase which is significantly more than the government assumed in its program for power supply. We are 3 years ahead, and the reserves for creating new power are not keeping up with consumption. We will therefore have a shortage of power in a few years.

The director of power stations said that this does not necessarily mean scarcity or rationing, but shortages mean less power than what is profitable for society. He emphasized that later in the 1990's it would be possible to cover all the needs satisfactorily. However measures must be taken to advance energy saving and build new power plants.

Rolf G. Wiedswang said that measures have been taken on the energy-economic side. It appears to be difficult to acquire new power sources. This should be unnecessary, because Norway is one of the countries which has the best possibilities of covering its own power requirements, he said.

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ENERGY

NORWAY

COUNTRY'S OIL INDUSTRY SEEN COPING WITH STRONG PRICE DECLINE

Oslo AFTENPOSTEN in Norwegian 20 Dec 85 p 23

[Article by Morten Woldsdal: "Oil Industry Can Withstand Sharp Price Decline"]

[Text] Oil prices would have to decline to below \$5-\$10 per barrel before it would be unprofitable to produce oil and gas from the fields which are in production today on the Norwegian continental shelf. According to calculations made in the Ministry of Oil and Energy, however, it would hardly be profitable to develop new fields with oil prices much below \$20 per barrel. Oil activity north of Stad would be especially hard hit if the price fell below \$20 per barrel.

Yesterday the price of Britain's Brent Blend oil--which is the reference oil for the North Sea--was between \$25.40 and \$25.65 per barrel. In November the price of the same oil was up to \$30.85. The international crude oil market is still very nervous and uncertain, and prices can go both up and down. Most experts still agree that there is great danger of a fall in prices when demand goes down in the spring, if oil production is not reduced.

Anything Can Happen

No serious experts are talking today about a price decline down to \$5-\$10 per barrel. Several of the oil ministers in OPEC have, however, claimed that prices could sink to below \$20 per barrel if the oil countries outside the organization do not reduce their production. But despite the fact that very few today will predict a dramatic price decline--to under \$20 per barrel--there are just as few in today's nervous market situation who would dare to exclude anything.

The Ministry of Oil and Energy has made calculations which show that the price of oil must fall below \$5-\$10 per barrel before it would be valid to decide to close the fields which are producing in Norway today, AFTENPOSTEN has learned.

The oil companies which own Ekofisk, Valhall, Frigg, Odin and Statfjord have all long ago recovered their billions invested in platforms, pipelines, etc. Most of the investments are also tax writeoffs. Therefore the expenses of operation, maintenance and wages are about all it costs to keep production going. For some of the fields these expenses are around \$3-\$4 per barrel, while for others they are below \$5-\$10.

Also Gullfaks/Oseberg

According to the ministry's calculations, oil prices must decline that much before it will no longer be profitable to continue development of the Gullfaks and Oseberg fields. These will come into production in 1987 and 1989 respectively. As to Gullfaks and Oseberg one is largely talking about prices in the 1990's, and most experts believe that prices will rise as the turn of the century approaches.

But even if it would be profitable to continue production on today's fields with oil prices at \$5-\$10 per barrel, it is clear that in such a situation Norway would have a dramatic decline in oil income. The tax income from oil activity declines by 2 billion kroner per year for every dollar that the price of oil goes down. If the price should go down to \$10 per barrel that means that Norwegian oil income would almost be reduced to zero. The same would happen to the oil companies' surplus.

A significantly smaller price decline, however, would jeopardize the development of new fields on the Norwegian shelf. The Ministry of Oil and Energy calculates that it would hardly be profitable to develop new fields with the price below \$20 per barrel. That would hit Snorre field, 34/8 blocks and the fields at Halten bank and Tromso flake. And it is not just the oil fields that would suffer. Oil prices have a decisive importance for gas prices. If the price of oil should drop to below \$20 per barrel the authorities would probably reduce the tax level so that new fields would be developed. With such an oil price there would probably be a full stop to all exploratory activity on the Norwegian shelf, with today's tax regulations.

OPEC Would Hardly Dare

Many of the OPEC member countries will have big economic problems long before Norway and Great Britain if oil prices decline dramatically. As many as 95 percent of the British fields are profitable to keep in operation with a price of \$5 per barrel. But OPEC countries such as Nigeria, Indonesia and Venezuela--which have enormous foreign debts and depend entirely on oil income--will come to the brink of bankruptcy if oil prices approach \$15 per barrel. Even Saudi Arabia depends on high oil prices to keep its oil income up. There is therefore little indication today that the OPEC countries will risk starting a price war to force the North Sea countries out of the market.

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